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PUBLIC GUARDIAN
AND TRUSTEE OF
BRITISH COLUMBIA

Public Guardian and Trustee
Organizational Excellence Finalist
Premier's Innovation and Excellence Awards

The Public Guardian and Trustee (PGT) pioneered performance reporting among public bodies in British Columbia and among related organizations elsewhere in Canada and internationally. PGT's efforts were recognized at the 2005/06 Premier's Innovation and Excellence Awards.

Public Guardian and Trustee of British Columbia

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TRANSMITTAL TO THE ATTORNEY GENERAL

September 28, 2006

The Honourable Wally Oppal
Attorney General
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Attorney General:

Pursuant to section 25 of the *Public Guardian and Trustee Act*, I have the honour of presenting the Annual Report of the Public Guardian and Trustee of British Columbia.

This report covers the period April 1, 2005 to March 31, 2006.

Regards,

Jay Chalke
Public Guardian and Trustee

MESSAGE FROM THE PUBLIC GUARDIAN AND TRUSTEE

I am pleased to report on our achievements during 2005/06. Transformation has become a hallmark of the modern office of the Public Guardian and Trustee. This past year was no exception with exciting developments occurring across the PGT's mandate.

There was broad general attention in 2005/06 to the public agencies that support children in care of the Province. Given the PGT's role as guardian of estate for children in continuing care, this office developed plans for enhanced services to children in care. Under these plans, in the future, our office will work more closely with the other child service organizations including Aboriginal child protection agencies to provide high quality service to the children in care. I look forward to securing the necessary funding and implementing these new working relationships over the upcoming years.

This spring the provincial government saw fit to introduce legislation to repeal and replace the outdated *Patients' Property Act* with a more modern scheme of guardianship for adults who need assistance in decision making. It is certainly time that British Columbia joined the family of jurisdictions with modern adult guardianship legislation. The court and statutory guardianship aspects of Bill 32, the *Adult Guardianship and Personal Planning Statutes Amendment Act, 2006* are important steps in that direction. The Bill also includes more contentious changes regarding instructional advance directives. These proposals are now the subject of further review and consultation. Whatever the outcome of the advance directives review, the major aspect of the Bill – modernization of court and statutory guardianship – should proceed at the earliest legislative opportunity.

The Legislature passed Bill 27, the *Tenancy Statutes Amendment Act, 2006*. Part of that Act increases tenure protection for residents of assisted living residences. I welcome these changes as our office has been seeking greater tenancy rights for a number of years for residents of assisted living. I look forward to the Bill's proclamation.

The incidence of financial abuse of vulnerable adults continues to be a concern. While I am pleased that awareness of this issue is growing, more attention is needed. Combating this problem will require a combination of education, services and legislation. As a society we have made some progress but sustained effort over a number of years will be needed.

The Council on Aging and Seniors' Issues will be reporting to the Premier later this year with its blueprint for meeting the needs of the province's aging population through to the year 2020. Seniors comprise the largest group of our adult clients and the proportion continues to grow. I look forward to the Council's recommendations.

We established two regional offices in Victoria and Kelowna in recent years. Over the past year we have enjoyed a successful settling-in period. I wish to particularly acknowledge the efforts of our justice, health and social services partners on Vancouver Island and in the Interior through this transition. They have welcomed us as we have established our offices in their areas. Our partnerships continue to evolve.

I wish to acknowledge staff for their tremendous hard work and their multi-year focus on reducing historic backlogs. Thanks to their efforts, we have now reached the point in many of our services in which the backlogs have been, or are in sight of being, eliminated.

On a personal note, I am honoured that, over the last year, the Lieutenant Governor in Council reappointed me to a second term as Public Guardian and Trustee. Cabinet's action is, in reality, a tribute to the terrific staff working throughout the organization. Together we are making a difference.

The Public Guardian and Trustee remains a cornerstone in helping British Columbia achieve its strategic goal of building the best system of support in Canada for persons with disabilities, special needs, children at risk and seniors. Our activities in 2005/06 have demonstrated that we are moving nicely along the path to accomplish this goal. I look forward to continuing to deliver a vital and unique service to British Columbians.

Jay Chalke
Public Guardian and Trustee

SIGNIFICANT ACCOMPLISHMENTS IN 2005/06

Serving Our Clients

- Met or exceeded 31 of 33 Service Delivery Plan targets, a 94% success rate
- Implemented enhanced risk management framework for real property management
- Participated with BC Child and Youth Review
- Participated with Premier's Council on Aging and Seniors' Issues
- Piloted draft service commitments for estate administration
- Participated in the Woodlands class action lawsuit and other class actions on behalf of PGT clients
- Purchased or sold more than 120 real properties on behalf of clients
- Monitored and implemented changes related to impact on PGT clients of the changing social services tax on legal services
- Developed or updated over 20 health care decisions policies
- Continued review of PGT client-related service standards
- Surveyed potential market for PGT personal trust and estate services
- Named as finalist in Premier's Innovation and Excellence Awards for performance reporting
- Successfully settled claims of clients for damages for wrongful sterilization under repealed *Sexual Sterilization Act*
- Developed, in partnership with other agencies, a financial literacy program for trust clients approaching the age of maturity

- Began process of reviewing and updating a number of policies in Private Committee Services

Connecting With Communities

- Worked closely with Community Living BC (CLBC) to smooth the impact on PGT clients of the transfer of administration of services to developmentally disabled adults from Ministry of Children and Family Development (MCFD) to CLBC
- Short-listed for Premier's Innovation and Excellence Awards for regionalizing PGT services to adults and opening new offices in Victoria and Kelowna
- Participated in the 3rd annual National Association of Public Trustees and Guardians (NAPTG) Canadian interjurisdictional survey of mandates and activity
- Enhanced relationships with Aboriginal agencies for delivery of child and youth services
- Assessed PGT accessibility as part of continuing move to increase communications
- Sponsored a provincial First Nations Dialogue to support relationship building between First Nations reserve communities and agencies designated under Part 3 of the *Adult Guardianship Act*

- Convened a provincial "Use of the Legal Tools" conference to bring together practitioners in designated agencies to share what is being learned about using the legal remedies in Part 3 of the *Adult Guardianship Act* – dealing with emergencies, warrants and access orders, restraining orders, reporting criminal offences to police, and support and assistance court orders
- Developed closer ties between agencies and PGT to address systemic issues, consultation, and increase provincial coordination and information sharing among designated agencies
- Participated in preparations for major events to commemorate the inaugural World Elder Abuse Awareness Day on June 15, 2006, including conferences on aging and abuse
- Began planning to systematically provide orientation and training to key contacts in police departments throughout British Columbia about Part 3 of the *Adult Guardianship Act*, the role of designated agencies and the supportive collaborative role that can be played by police
- Participated in the British Columbia Law Institute Succession Law Reform Project
- Commented on the United Nations draft Convention on the Rights of Persons with Disabilities
- Participated in interjurisdictional working groups on client issues with the National Association of Public Trustees and Guardians

Supporting Our Staff

- Made major strides towards supplementing the PGT legacy core operating system with new case management system
- Presented STAR Awards for outstanding performance to recognize six PGT staff
- Provided extensive training regarding information and privacy requests
- Focused on wellness as the theme for the 2005 All-Staff Day which included nine speakers and health assessments from the Healthy Heart Society of British Columbia
- Staff teams walked 48,000 kilometres in the PGT Amazing Race over 90 days as part of a staff fitness campaign

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2005/2006

PERFORMANCE REPORT

ACCOUNTABILITY STATEMENT

The 2005/06 Annual Report was prepared under my direction. I am accountable for the results achieved, the selection of performance measures, and how actual performance has been reported. The information presented reflects the actual performance of the Public Guardian and Trustee for the twelve months ended March 31, 2006. The report addresses all significant events that occurred, and decisions made, up to September 12, 2006.

The information presented represents a comprehensive picture of our actual performance in relation to our Service Delivery Plan. This report contains estimates and significant interpretive information that represents the best judgement of management.

The measures presented are consistent with the organization's mission, goals and objectives, and focus on aspects critical to understanding our performance. I am responsible for the design and operation of internal controls to ensure performance information is measured accurately and in a timely manner. Any significant limitations in the reliability of specific data are identified in the report.

The report has been prepared in accordance with the *Public Guardian and Trustee Act* and British Columbia Performance Reporting Principles as consistent with the Act. As such, it is intended for a general audience. Specific users may require more detailed information than is contained in this report.

Jay Chalke
Public Guardian and Trustee

September 12, 2006

Report of the Auditor General of British Columbia

To the Public Guardian and Trustee of British Columbia,

To the Attorney General, Province of British Columbia, and

To the Members of the Legislative Assembly of British Columbia

I have audited the 2005/2006 Performance Report of the Public Guardian and Trustee (the PGT) to assess whether performance has been fairly presented in accordance with the BC Reporting Principles for the year ended March 31, 2006. The eight BC Reporting Principles outline the characteristics of good performance reporting, and have been endorsed by the Legislative Assembly's Select Standing Committee on Public Accounts for use by public sector organizations in British Columbia. The Performance Report, contained in the PGT's 2005/2006 Annual Report, is the responsibility of the PGT. My responsibility is to express an opinion on the Performance Report based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Accordingly, except as explained in the following paragraph, I planned and performed an audit to obtain reasonable assurance that the BC Reporting Principles have been incorporated in the Performance Report. My audit included examining, on a test basis, evidence supporting the amounts and disclosures in the Performance Report and assessing significant estimates underlying reported performance.

I have examined the entire Annual Report to assess whether information required by the BC Reporting Principles has been included, and whether this information fulfills the attributes of consistency, fairness, relevance, verifiability, understandability and timeliness. However, with respect to the attribute of reliability, I have not audited the tables presented in Section E. Consequently, I do not express an opinion concerning the attribute of reliability for the information in these tables. This opinion also excludes the information presented in the PGT's financial statements for the operating account and estates and trusts administered, for which audit opinions are provided separately.

As called for by the BC Reporting Principles, the Performance Report contains a number of representations from the PGT concerning the appropriateness of the office's goals, objectives, targets, explanations of the adequacy of planned and actual performance and expectations for the future. Such representations are the opinions of the PGT, and inherently cannot be subject to independent verification. Therefore, my examination was limited to ensuring the performance report contains those representations called for by the BC Reporting Principles and that they are consistent with the audited performance information and financial statements.

In my opinion, except for adjustments which might have been necessary had I performed a more extensive audit of reliability as referred to in the third paragraph above, this Performance Report fairly presents, in all significant respects, the performance of the PGT for the year ended March 31, 2006, in accordance with the BC Reporting Principles. The following appendix contains details supporting my conclusion for each of the BC Reporting Principles, and is an integral part of my opinion.

Victoria, British Columbia

September 6, 2006

Ann van Iersel, CGA

Auditor General (Acting)

Appendix to the Report of the Auditor General of British Columbia on the 2005/2006 Performance Report of the Public Guardian and Trustee of British Columbia

Detailed Observations

Principle 1 – Explain the Public Purpose Served

The report explains the PGT's public purpose, enabling legislation and mission. Core business areas, services, clients and stakeholders are described, as is the role of partners. The PGT's unique role and relation to the courts and the Crown are explained. The report describes organizational values, how they guide business and how they are embedded in the organization's operations.

Principle 2 – Link Goals and Results

The report provides clear linkages between the PGT's mission and mandate, goals, objectives, operations and performance measures, providing a clear chain of events. The relevance and relation to long-term outcomes are explained for key performance measures. Variances between planned and actual results are identified and explained.

Principle 3 – Focus on the Few, Critical Aspects of Performance

The report identifies the significance and relevance of each performance measure, although it contains a large number of measures. The internal focus of a number of these measures is consistent with the PGT's interpretation of the requirements of the Public Guardian and Trustee Act. However, this presentation is inconsistent with a focus on the larger, overall picture as contemplated by this principle.

Principle 4 – Relate Results to Risk and Capacity

The report summarizes the key risks faced by the PGT, their potential impact, and the organization's strategies for dealing with them. Current capacity is described in relation to current results and to the PGT's ability to deliver organizational goals and objectives.

Principle 5 – Link Resources, Strategies and Results

The report identifies budgeted and actual financial results by program area, and explains key variances. Year-over-year comparative information is provided in the financial statements, and long-term financial trend information is provided. The report links financial and performance information in relation to certain program areas in a way that helps readers understand the efficiency and economy of operations.

Principle 6 – Provide Comparative Information

Actual performance is reported in relation to the Service Delivery Plan. Relevant economic, social and demographic information is provided for context. Current performance is graphically related to historic trends, although further discussion would enhance this presentation. In general, performance is presented consistently year-over-year. Changes in the way performance has been measured or presented have been explained.

Principle 7 – Present Credible Information, Fairly Interpreted

We are providing a high level of assurance that the data in the Performance Report is reliable, subject to the limitations described in the audit opinion. Controls to ensure the completeness and accuracy of performance have been implemented, although we do not provide assurance on the effectiveness of the control environment. We noted some opportunities to improve controls supporting performance measures, but this did not impact on reported results. Narratives are supplemented by useful graphics, and specialized terminology has been kept to a minimum. The report has been issued in accordance with statutory reporting deadlines.

Principle 8 – Disclose the Basis for Key Reporting Judgements

The report provides concise explanations of how most measures are derived including, where relevant, data sources and the period covered. The process for selecting targets, and how it is evolving, is described. Any changes to how performance is measured are described, enhancing the fairness of presentation. The PGT provides an accountability statement describing his confidence in the information.

A. Mandate, Mission, Vision and Values

1. MANDATE

The Public Guardian and Trustee (PGT) is a corporation sole established under the *Public Guardian and Trustee Act*. A corporation sole is a corporate legal structure where governance and operational responsibility are all vested in a single office holder. It is used primarily in situations requiring clear accountability and is common among public guardians and public trustees.

The current Public Guardian and Trustee is Jay Chalke, who was reappointed by the Lieutenant Governor in Council to a six-year term effective February 28, 2006.

The PGT mandate is to serve:

- Children and youth under the age of 19 by protecting their legal and financial interests,
- Adults who require assistance in decision-making through protection of their legal rights, financial interests and personal care interests, and
- Heirs and beneficiaries of deceased persons when there is no one willing or able to administer their estates; the estates of missing persons; and the beneficiaries of personal trusts.

PGT provides services through 214 funded employee positions to approximately 27,100 clients and manages more than $643 million of trust assets. When managing the financial affairs of an individual, estate or trust, PGT observes prudent business practices and is bound by both common law and statutory fiduciary principles associated with a Trustee or Agent.

As a result of obligations created by statutory law, PGT exercises quasi-judicial authority in specific situations. In addition, PGT provides the Court with reliable and independent advice when the property or financial interests of minors, adults with legal disabilities, or estates, are at risk. PGT is independent of government in its case-related decision-making responsibilities.

The powers and duties of PGT are directed by numerous acts. These include:

- *Adult Guardianship Act*
- *Child, Family and Community Service Act*
- *Community Care and Assisted Living Act*
- *Employment Standards Act*
- *Estate Administration Act*
- *Estates of Missing Persons Act*
- *Family Relations Act*
- *Health Care (Consent) and Care Facility (Admission)Act*
- *Infants Act*
- *Insurance Act*
- *Insurance (Motor Vehicle) Act*
- *Patients Property Act*
- *Power of Attorney Act*
- *Public Guardian and Trustee Act*
- *Representation Agreement Act*
- *Trust and Settlement Variation Act*
- *Trustee Act*
- *Wills Variation Act*

2. MISSION

The PGT mission is to safeguard and uphold the legal and financial interests of children; manage the legal, financial and personal care interests of adults needing assistance in decision-making; and administer the estates of deceased and missing persons.

3. VISION STATEMENT

The PGT vision statement is: "Rights, choices and security for all British Columbians".

4. VALUES

Six major values underpin PGT work and are reflected in all aspects of its performance:

1) Client-centred service: Clients are at the centre of PGT services and PGT strives to ensure that services are individualized, equitable and accessible.
2) Respect: In managing the personal and health care decision-making of adults who are unable to make these decisions themselves, PGT honours the principles of self-determination and autonomy.
3) Innovation: Staff members are encouraged to be innovative in designing support services that are the least restrictive and intrusive as possible. Court processes are used as a last resort.
4) Teamwork: PGT staff work in teamwork with one another and with their service partners in striving for seamless service delivery.
5) Openness: Annual public reporting on all aspects of PGT performance, as required by the *Public Guardian and Trustee Act*, ensures accountability to clients, government and the public.

6) Staff support: Staff members are acknowledged to be PGT's greatest resource. They are recognized and appreciated for their expertise and professionalism as well as their teamwork and consultation skills. PGT is committed to ongoing development and training of all its staff members.

B. Accountability Framework

PGT is accountable to the Government and Legislature, the public, and directly to PGT clients. Accountability is exercised by means of the government's review of PGT performance planning, annual public reporting on performance, annual audited financial statements and through judicial oversight of PGT statutory and fiduciary obligations to individual clients.

1. Prospective Performance Planning

Section 22 of the *Public Guardian and Trustee Act* requires that PGT prepare an annual three-year Service Delivery Plan and deliver it to the Attorney General not later than December 31st each year. If approved by the Attorney General, the plan must be submitted to the Province's Treasury Board for approval.

The Act requires that the Service Delivery Plan must specify for each program area, for the fiscal year about to begin and for each of the following two fiscal years,

a) the objectives of the program area,

b) the nature and scope of activities to be undertaken,

c) the performance targets and other measures by which performance of the program area may be assessed,

d) a forecast of revenues to be collected,

e) an estimate of funding required to meet the objectives of the program area, and

f) an estimate of the amount of surplus or deficit and the cash balance remaining in the operating account for each fiscal year.

There is no statutory requirement for the service delivery plan to be published, but as a matter of practice, PGT makes its approved service delivery plans available on its website.

2. Retrospective Performance Reporting

Section 25 of the *Public Guardian and Trustee Act* requires PGT to report to the Attorney General in each fiscal year on operations of the office for the preceding fiscal year.

This report must be provided to the Attorney General by September 30th of each year and thereafter tabled in the Legislative Assembly. It must contain:

a) Audited financial statements on the stewardship of estates and trusts under administration,

b) Audited financial statements on the operations of the Public Guardian and Trustee,

c) A statement of the extent to which the Public Guardian and Trustee has met the performance targets and other objectives established in the Service Delivery Plan under section 22, and

d) A report from the Auditor General or an independent auditor on the statement referred to in paragraph (c).

Section 26 of the *Public Guardian and Trustee Act* requires annual independent audits of both the two PGT financial statements and the PGT performance report on its service delivery plan.

It should be noted that section 22 specifies that the Service Delivery Plan must include both "performance targets" and "other measures" by which performance of "each program area" may be assessed. This requirement for comprehensive performance planning is in contrast to more recent trends in public performance reporting which direct organizations to focus on their "few, critical, aspects of performance". The reference to "other measures" also broadens the nature of PGT performance reporting from that associated with traditional performance measures.

3. Judicial Oversight

The majority of PGT services are mandated by statute and PGT can be held to account by a client. Many PGT functions are fiduciary in nature. Fiduciaries are legally accountable for their actions on behalf of others and judicial oversight mechanisms are highly developed.

C. Program Areas

PGT provides services to clients through three broad operational program areas: Child and Youth Services; Services to Adults; and Estate and Personal Trust Services. These programs are in turn supported by Client Finance and Administrative Services and Legal Services. The Executive Office provides overall direction, coordination and planning, policy and communications support.

1. Child and Youth Services

PGT protects the legal and financial interests of minors and acts in the roles of Trustee, Guardian of Estate and Litigation Guardian. Child and Youth Services (CYS) works on behalf of and directly with children and youth as well as with their parents or guardians in ensuring that their interests are protected and well-managed.

a) Statutory Protective Services

PGT protects legal interests of minors by reviewing proposals for personal injury settlements and by reviewing notices of certain types of legal proceedings where their property interests could be affected. Where necessary, PGT participates in those proceedings or transactions to protect children's property.

As Guardian of Estate, PGT protects legal and property rights of all children and youth in continuing custody of the province by pursuing legal claims on their behalf and by securing and managing their financial assets. PGT shares guardianship with the Director of Child, Family and Community Services and works closely with staff in the Ministry of Children and Family Development (MCFD). At March 31, 2006, PGT was the Guardian of Estate for 5,620 children.

b) Trust Services

PGT holds funds in trust for minors under a trust agreement, court order or by legislation. During 2005/06, Child and Youth Services managed trusts on behalf of 12,057 children and youth. The total value of trust assets managed by the division at March 31, 2006 was $180 million, with approximately $15,000 as the average value of a trust account in 2005/06. Trust monies received by PGT on behalf of children consist of personal injury settlement proceeds, life insurance proceeds where a minor is the beneficiary, a share of an estate where no trustee is named and also include a portion of wages earned by child entertainers. Funds are typically held in trust until the child turns 19 (the age of majority in British Columbia) unless disbursed earlier for benefit of the child.

Priorities in 2005/2006

In 2005/06, CYS focused on:

- Building increased rapport with its youth guardianship clients, particularly through closer ties with the Federation of B.C. Youth in Care Network;
- Continuing improvement of its relationship with MCFD and other service partners;
- Providing data and analysis in support of the BC Child and Youth Review;
- Ongoing relationship-building with Aboriginal agencies and communities;
- Developing, in partnership with other agencies, a financial literacy program for trust/guardian clients approaching maturity;
- Reviewing information management processes and reports for accuracy and suitability;
- Enhancing PGT relations with Canada Pension Plan (CPP) to provide streamlined service for CPP and Criminal Injury Compensation Adjudication for loss of benefits received for children.

Child and Youth Services

Total Staff: 29

Total Clients: 17,677
- Guardianship: 5,620
- Trust: 12,057

Budget
- Revenue (Actual): $3,229,615
- Expenses (Actual): $4,503,398

Total value of assets under administration: $188,578,000
- Investments and securities: $181,379,000
- Real property: $6,935,000
- Other: $264,000

2. Services to Adults

PGT protects the legal rights and personal and financial interests of adults who are unable to manage their affairs independently. The majority of adult clients rely on PGT for legal and financial management or oversight. PGT also exercises personal care decision-making for many of these clients, including health care, or a dual financial and personal care responsibility.

Services to Adults (STA) acts for adult clients when other appropriate substitute decision-makers are not available and strives to balance client independence and right of self-determination with the need for protection.

Most adult clients have diseases of aging that have impaired their mental capability while others have mental illnesses, development disabilities or brain injuries. Clients live throughout the province, with the highest concentration in the Lower Mainland, Vancouver Island and the Okanagan. Most adult services are regionalized.

a) Assessment and Investigation

The first contact most adult clients have with PGT involves assessment and investigation in which staff respond to reports from concerned friends, relatives or professionals and assess whether PGT services are required, investigate reports of financial abuse of adults who may be incapable and consult with community and family members on possible abuse and neglect. These involved approximately 800 initial investigations in 2005/06, a 16% increase over 2004/05.

b) Health Care Decisions

Under the *Health Care (Consent) and Care Facility (Admission) Act*, health care professionals must obtain informed consent before treating a patient and a substitute decision-maker is needed if the patient is incapable. In the absence of an already existing substitute decision-maker such as a Committee of Person or Representative under a Representation Agreement, the Act allows certain family members to make decisions. When these are not available, PGT is called upon to appoint another suitable decision-maker or to make substitute treatment decisions itself.

In 2005/06, STA provided over 700 health care services, including major and minor health care decisions, authorizing temporary substitute decision-makers, approving plans of care and providing brief consultations. Approximately 20 policies were developed or amended and are ready for final approval in 2006/07. Staff will be trained in these policies upon completion.

STA made a series of presentations, public forums and case conferences based on assessment and investigation and health care decisions to increase the PGT profile in communities.

Services to Adults

Total Staff: 94.5

Total Clients: 7,046

- Assessment and Investigation – 812 (files opened throughout the year)
- Client Services – 3,040 (as at March 31, 2006)
- Health Care Decisions – approx. 700
- Estate Liaison – 411 (as at March 31, 2006)
- Private Committee Services – 2,083 (as at March 31, 2006)

Budget:

- Revenue (Actual) – $7,725,437
- Expenses (Actual) – $11,374,490

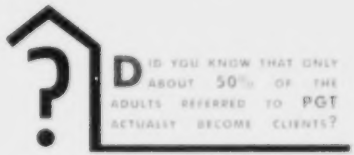
Total value of assets under administration: $317,256,000

- Investments and securities – $236,012,000
- Real property – $77,547,000
- Other – $3,697,000

c) Client Services

STA provides a range of financial and personal care management services for approximately 3,040 adults in vulnerable situations under a number of different roles including Committee of Estate, Committee of Person, Power of Attorney, Representative, Litigation Guardian and Pension Trustee.

When appointed Committee of Estate, STA works with the client to establish an effective plan that includes securing assets and pursuing income, benefits and compensation, paying bills and managing investments and property. As Committee of Person, PGT makes health and personal care decisions on behalf of individuals. In 2005/06 case managers served an average of 190 clients each, of which approximately 50% had liquid assets of less than $10,000.



d) Estate Liaison

Estate Liaison coordinates completion of STA involvement in a client's affairs and releases property under administration when service by STA is no longer required. Over 550 files were transferred from Client Services or occasionally from Assessment and Investigation Services in 2005/06. This occurs when PGT no longer has authority for a client because the individual has become capable of managing their own affairs, someone else has been appointed as Committee or more frequently because the client has died. PGT

has developed a number of strategies, including monthly fees, to reduce the time between the end of active committeeship and the time when a family member or other representative takes over administration of the former client's estate. Continuing efforts to improve the speed of Estate Liaison services have resulted in reducing the proportion of files that are over two years old from 25% (as at March 31, 2003) to 13% (as at March 31, 2006) over the past three years.

e) Private Committee Services

Private Committee Services (PCS) monitor the activities of private committees appointed by the court to manage the affairs of adults who are unable to make their own financial, legal and/or personal and health care decisions. Committee Review Officers conduct accounting reviews and undertake investigations when concerns are reported. During 2005/06, they served 2,083 clients, an average of 463 clients per officer with average client asset values of $350,000. In 2005/06, STA conducted a comprehensive review of PCS policies and processes.

Priorities in 2005/2006

In 2005/06, STA focused on:

- Highlighting Assessment, Investigation and Health Care Decisions activity to increase PGT presence in the community through presentations, public forums and case conferences;
- Expanding and consolidating its review of its health care decision-making including a review of business processes, developing and amending policies, training new staff and updating the health care database;

- Providing data and analysis for submissions to the Premier's Council on Aging and Seniors' Issues;
- Continuing a comprehensive file review to assess potential for discharge. 164 files were reviewed in 2005/06 and 67 clients were discharged;
- Continuing liaison to facilitate the provincial transition of services to developmentally disabled adults from MCFD to Community Living BC;
- Reviewing policies and processes of Private Committee Services to ensure a prudent, efficient and timely service;
- Supporting development of proposals for new adult guardianship legislation to replace the *Patients Property Act*;
- Considering further expansion of regional adult services through completing the regionalization of Health Care Decisions, piloting a regional model for Estate Liaison activity and developing a regional model for Private Committee Services;
- Ongoing support to clients and agencies impacted by the Riverview Hospital Redevelopment Program or by the continued development of assisted living accommodation.

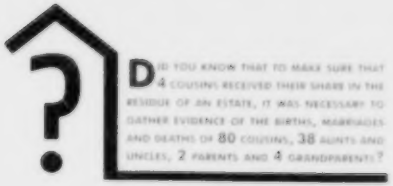
3. Estate and Personal Trust Services

PGT provides estate administration and personal trust services through the Estate and Personal Trust Services Division (EPTS).

a) Administration of Estates of Deceased Persons

As Official Administrator for British Columbia, PGT administers the estates of persons who have died with no one willing and able to administer their estates or where the heirs or their whereabouts are unknown. In March 2006, PGT had more than 1,360 estates under administration.

PGT also administers estates where the heir is a client of another PGT division, such as Services to Adults, or is a child or youth for whom PGT is Guardian of Estate. In addition, PGT acts as executor when appointed under a will. Where the estate is of minimal value and no next of kin can be found who are willing or able to undertake the arrangements, EPTS ensures that a referral is made to the Ministry of Employment and Income Assistance to provide for a respectful funeral.


DID YOU KNOW THAT TO MAKE SURE THAT 4 COUSINS RECEIVED THEIR SHARE IN THE RESIDUE OF AN ESTATE, IT WAS NECESSARY TO GATHER EVIDENCE OF THE BIRTHS, MARRIAGES AND DEATHS OF 80 COUSINS, 38 AUNTS AND UNCLES, 2 PARENTS AND 4 GRANDPARENTS?

Estate and Personal Trust Services

Total Staff: 28

Total Clients: 1,700
- Deceased estates: 1,367
- Personal trusts: 307
- Litigation Representative: 28
- PGT Educational Assistance Fund: 41
- Estates of Missing Persons: 1

Budget
- Revenue (Actual): $2,732,318
- Expenses (Actual): $2,968,937

Total Value of assets under administration: $135,071,000
- Investments and securities: $118,058,000
- Real property: $15,022,000
- Other: $1,991,000

b) Personal Trusts

PGT is Trustee for approximately 300 personal trusts which have been created either by will, court order or inter vivos settlement. The trusts may be created to ensure the benefits going to a child or adult are protected, or alternatively may be created to provide benefits going forward in perpetuity for a charitable organization. Where options to appoint a family member or trust company are not appropriate, PGT may agree to act as trustee. Most of the trusts are discretionary trusts as to both their income and capital and funds are disbursed as directed by terms of the trust document.

This is an area in which the demand for PGT services is growing, as private trust companies are increasingly reluctant to manage trusts where the capital value is less than $500,000. There is an increased willingness on the part of PGT to accept this work on a cost recovery basis usually for the benefit of individuals who are among the traditional PGT clients.

c) Litigation Representative

PGT may agree to act as Litigation Representative for purposes of a specific legal action brought against an estate where there is no executor, administrator or other person to act. These cases are externally driven both in terms of the number of cases and the length of time required to resolve the legal issues associated with them. PGT is currently Litigation Representative in about 28 such cases and the role is limited to accepting service on behalf of estates. PGT will take out letters of administration to administer the estate if it has assets and will deal with the litigation under that authority.

d) PGT Educational Assistance Fund

PGT provides bursaries to qualifying young adults who were formerly in the continuing care of the province. Funds available are dependent on rates of investment return. Applicants are assessed on their grades, financial needs, career goals and other considerations. In 2005/06, there were 41 applicants, with 22 students awarded grants ranging from $500 to $1,500 and totalling $17,000.

e) Estates of Missing Persons

PGT acts as Curator for persons who are missing as defined in the *Estates of Missing Persons Act*. The role of Curator is to manage the adult's property until they are located or until the funds are paid into court for safekeeping. These cases are rare and PGT is currently Curator for only one estate.

Priorities in 2005/2006

In 2005/06, EPTS focused on:

- Analyzing the potential market for fully cost-recovered PGT personal trust and estate services;
- Piloting draft service commitments for estate administration in a pilot that will be continued for further refinement;
- Promoting its services to the financial services sector and other stakeholders;
- Updating policies for proving heirship; and
- Continuing reduction of an historic backlog of deceased estate files primarily those transferred to PGT when the Deputy Official Administrator Offices were closed.

4. Client Finance and Administrative Services

The Client Finance and Administrative Services Division (CFAS) provides both corporate and direct client services to the operating divisions. Corporate services include office administration, human resources coordination, budget planning and corporate and trust accounting, information technology services and operating the mailroom and warehouse facility. Client services are provided through activities such as paying $119 million

annually in client bills, internal audit, client disbursement pre-audit, providing investment expertise and advice used in preparing client investment plans and investigating and securing physical assets on behalf of clients.

a) Information Technology

During 2005/06, PGT moved significantly closer towards supplementing COMET, its legacy core operating system, with a new case management system. The division had a major focus on continued redevelopment of the aging PGT information technology infrastructure.

b) Client Finance

The division has ongoing responsibility for managing client assets and in 2005/06 processed $148 million in client receipts, paid $119 million of bills on behalf of clients and invested $537 million of client funds.

Acquiring and managing financial investments is a significant PGT activity. By statute, PGT is required to act as a prudent investor and it applies diligent processes when reviewing and assessing clients to determine their investment goals and objectives. PGT Guardian and Trust Officers, Case Managers and Personal Trust Administrators work with Investment Services staff to develop personalized investment plans to meet the identified client goals and objectives.

PGT has three pooled investment funds for clients – the Premium Money Market Fund, the Balanced Income Fund, and the Balanced Growth Fund. Other investment alternatives are available and include brokerage services and discretionary managed accounts. The choice of funds is determined by the investment plans which are monitored on a regular schedule based on the portfolio risk. PGT also pays close attention to the client service levels provided and the fees charged for investment services in addition to quarterly monitoring of investment manager investment performance.

The past year was positive in terms of investment returns for PGT client funds. For example, returns for PGT pooled funds and sample comparisons at March 31, 2006 are as follows:

PGT Pooled Funds	Comparisons
Premium Money Market Fund	
• 3.82% (1 year)	• 91 day GOC Canada Treasury Bill: 2.86% • 3 year GIC: 3.15% • Best chequing account interest: 0.5%
Balanced Income Fund	
• 11.45% (1 year); 9.00% (2 years annualized)	• Standard industry portfolio benchmarks: 11.17% (1 year); 8.67% (2 years annualized)
Balanced Growth Fund	
• 14.58% (1 year); 10.63% (2 years annualized)	• Standard industry portfolio benchmarks: 14.43% (1 year); 10.55% (2 years annualized)

While all PGT client cash balances are invested professionally in the Premium Money Market Fund, over 1,300 clients have experienced more in-depth financial planning and have had investment plans developed for them. Clients with personalized investment plans have over $25,000 of liquid assets available for investing.

c) Corporate Finance

In 2005/06, the division continued its review of the existing PGT financial model and the internal cost allocation model. It supported costing requests associated with legislative proposals, submissions and public reviews.

5. Legal Services

Legal Services are delivered by a complement of staff lawyers distributed among the three program areas, supplemented by outside counsel as required and by the Deputy Public Guardian and Trustee. The lawyers advise PGT in cases where PGT acts on behalf of clients in a representative capacity and carry out legal reviews of matters on behalf of clients whose legal interests PGT has an obligation to protect. The latter activity includes review functions such as the PGT statutory obligation to review applications for private committee appointments and review of settlements of claims for unliquidated damages on behalf of minors.

The pressure on PGT legal services has increased significantly in response to court decisions impacting individual abuse-related litigation and continuing growth in the number of lawsuits commenced as class actions. In both cases, a significant commitment of resources by PGT is required to ensure that the legal interests of clients are protected.

An emerging issue is the role to be played by PGT in protecting the rights of child and youth clients for whom PGT is Guardian of Estate to compensation for sexual or physical abuse. Historically, PGT did not commence actions for damages for such child and youth clients while they were minors since the extent of harm to them might not yet be known. Instead, PGT provided advice to assist these clients to pursue actions as adults. Recent decisions of the Supreme Court of Canada concerning government liability for harm caused to children and youth in care now make it necessary for PGT to pursue viable actions for its child and youth Guardian of Estate clients sooner rather than later to ensure a wrongdoer will have assets to satisfy a judgment.

Class actions are becoming more common, thereby increasing the chances that one or more of the PGT's clients will have an interest as a potential class member. However, many PGT clients are often poor historians because of their mental incapacity, and many have no family and few records of their lives before their involvement with PGT. As a result, the PGT challenge is significant in trying to determine which clients may have what interest in any number of class actions.

Changes in the law concerning provincial sales tax payable by clients on legal services also required continuing changes in the management of legal services. The Christie case, in which the court ruled on the constitutionality of the provincial sales tax charged on legal services, is on appeal to the Supreme Court of Canada. As this case proceeded through various levels of court, new rulings led to continuing changes in the PGT practice of paying legal accounts as PGT clients are significant consumers of legal services.

The new legal pressures impose additional costs that are incurred in carrying out the PGT fiduciary duty, but are related more closely to organizational capacity than to individual clients for specific cases.

Priorities in 2005/2006

In 2005/06, Legal Services focused on:

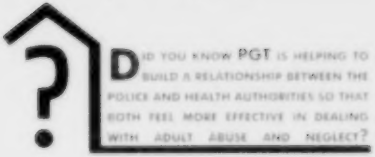
- PGT continued to represent the interests of PGT clients in numerous class actions, particularly those in which compensation was sought for historic abuse. Some examples include: the Indian Residential School class action; the class action brought by and on behalf of former residents of the Woodlands School who suffered abuse or sexual assault while at the school; and, the class action brought on behalf of incapable adults whose veterans' pensions were administered by the federal Department of Veterans Affairs, but no interest was paid.
- In 2006, PGT successfully settled the claims of nine clients who were wrongfully sterilized under the *Sexual Sterilization Act* (repealed).
- PGT reviewed a number of proposed legislative reforms and provided comments to the Ministry of Attorney General with respect to those proposals and the effect they might have on PGT clients. For example, PGT reviewed the British Columbia Law Institute (BCLI) report proposing a new *Trustee Act*, the BCLI report proposing a legal scheme for the recognition of foreign and extra-provincial adult guardianship orders, and the proposed and now enacted amendments to the *Small Claims Act* increasing the monetary jurisdiction of the Small Claims Court.

- PGT lawyers participated as members of subcommittees in the BCLI Succession Law Reform Project bringing the perspective of persons under legal disability and the PGT to the discussion table. The purpose of the Succession Law Reform Project is to make recommendations to government about the consolidation and modernization of BC succession laws.
- PGT lawyers participated in in-house training and continuing legal education sessions on access to information and privacy rules and procedures, the new Rule 68 expedited trial process, and new cases in the areas of wills, estates, trust and personal injury law.
- PGT implemented new external legal services management procedures for retaining and instructing outside counsel to act on behalf of PGT or PGT clients. PGT also hosted its outside counsel at an on-site orientation session to mark implementation of the new retainer process.
- PGT lawyers maintained contact and built on valuable relationships with key stakeholders by speaking at various engagements and events about the PGT role and mandate, including Trial Lawyers of BC conference on Personal Injury Litigation, Society of Estate and Trust Practitioners of BC, Estate Planning Council of BC, Canadian Bar Association – Wills and Trusts Section and at ICBC staff training sessions.

6. Executive Office

The Executive Office provides overall leadership, carries out non-delegated statutory duties, is responsible for access to information and protection of privacy, communications, policy development, Ombudsman inquiries, coordinates interjurisdictional relations and represents the office as a member of the National Association of Public Trustees and Guardians (NAPTG).

Its 5.5 staff members coordinate corporate planning activities including development of the Service Delivery Plan and performance report; oversee development and distribution of operational policies and procedures; carry out both internal and external communications functions; and plan and participate in public education and community development related to adult guardianship issues.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DID YOU KNOW PGT IS HELPING TO BUILD A RELATIONSHIP BETWEEN THE POLICE AND HEALTH AUTHORITIES SO THAT BOTH FEEL MORE EFFECTIVE IN DEALING WITH ADULT ABUSE AND NEGLECT?

Compliance with access and privacy legislation is coordinated through the Executive Office. PGT received 32 requests for information in 2005/06 under the *Freedom of Information and Protection of Privacy Act*, a number that has almost quadrupled in the past five years, most likely due to heightened awareness of access and privacy rights because of new federal and provincial private sector legislation. The majority of requests are complex, are made by family members of PGT clients, and are primarily directed at personal information held by the Services to Adults Division. In 2005/06, PGT conducted extensive staff training in access and privacy requirements.

In 2005/06, the Strategic Planning and Policy Coordinator focused on:

- Continuing identification of PGT client-related service standards; and
- Ongoing review of PGT performance reporting processes, particularly with respect to targets and a planned transition from the mostly current output measures to mostly outcomes measures.

The PGT performance reporting record was acknowledged when it was selected as a finalist in the Premier's Awards for Innovation and Excellence in Organizational Excellence.

The Communications and Information Coordinator continued development of ongoing and new publications including newsletters and brochures; response to media and public inquiries; additions to the PGT website; and managing requests under the *Freedom of Information and Protection of Privacy Act*.

Improving Responses to Adult Abuse and Neglect

In 2005/06, PGT activities included:

- Sponsoring a provincial First Nations Dialogue designed to support relationship-building between First Nations reserve communities and agencies designated under Part 3 of the *Adult Guardianship Act*. Many First Nations communities and people are unaware that Part 3 could be helpful to them and many designated agency staff are unaware that Part 3 applies everywhere in BC, including on reserve. Outcomes included development of a beginning "interagency protocol" template and a funding submission to a national funder for funds to support local capacity building in a number of remote First Nations reserve communities where relationships are being built.
- Convening a provincial "Use of the Legal Tools" conference to bring together practitioners in designated agencies to share what is being learned about using the legal remedies in Part 3 of the *Adult Guardianship Act* - dealing with emergencies, warrants and access orders, restraining orders, reporting criminal offences to police, and support and assistance court orders.
- Improving liaison between PGT and agencies designated under Part 3 of the *Adult Guardianship Act* through the CEO of each agency identifying a key contact playing a leadership role in implementing Part 3 for addressing systems issues, consultation, and increased provincial coordination and information sharing among designated agencies.
- Updating the "Helping an Adult Get Support and Reporting Adult Abuse and Neglect" link on the PGT website for greater clarity on provincial and local numbers (for agencies designated under Part 3 of the *Adult Guardianship Act*, as well as for other support agencies) to call if concerned about an abused or neglected adult.
- Planning began to more systematically provide orientation and training to police agencies throughout BC about Part 3 of the *Adult Guardianship Act*, the role of designated agencies and the role that can be played by police in coordination with other agencies.
- Preparing for events to commemorate the inaugural World Elder Abuse Awareness Day on June 15, 2006.
- Delivering legislative information sessions to staff of Designated Agencies and other community members in four communities in the Fraser Health Authority area and two in the Northern Health Authority area.
- Refocusing the Abuse, Neglect and Self-Neglect Planning Group to the BC Adult Abuse and Neglect Prevention Collaborative and seeking external funding to supplement PGT support.
- Continuing regular teleconferences with Designated Agencies to facilitate problem solving, information exchange and mutual mentoring.

7. Corporate Activities

Many PGT activities involve cross-divisional efforts with processes tailored to specific legal and program requirements. However, in 2005/06, a number of corporate priorities were agreed upon to strengthen infrastructure, enhance risk management and ensure consistency in key areas. These included moving forward vigorously with preparations for development of a case management system to replace the PGT legacy system.

Transformation of the PGT real property management framework continued with implementation of the new property management contract in the context of a comprehensive revised policy framework accompanied by staff training on the new requirements. Further policy development work continued throughout 2005/06.

PGT Corporate Activities

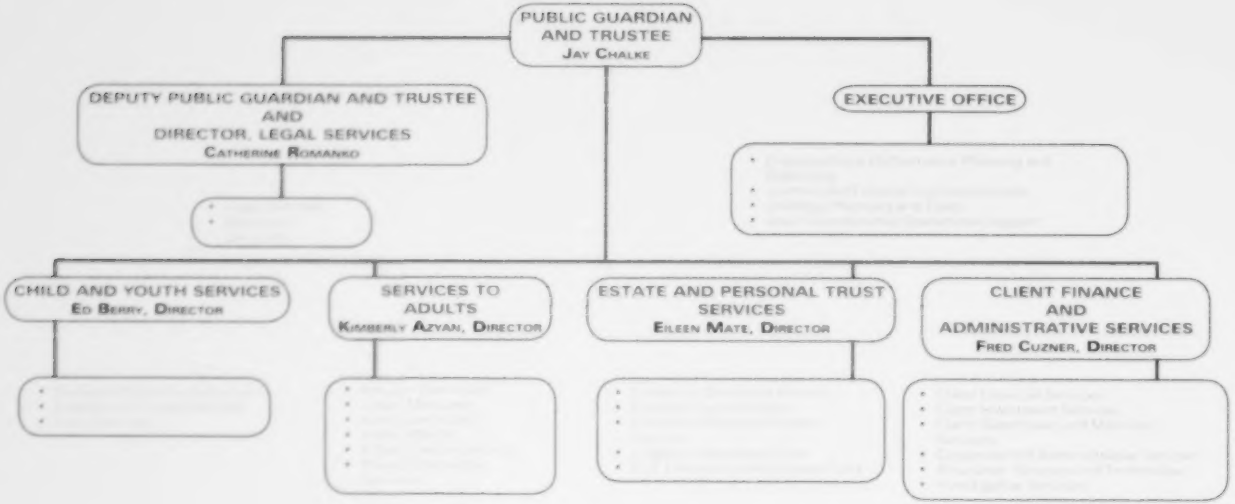
Total Staff: 214
Total Clients: 27,100

Total Value of assets under administration: $640,905,000
- Investments and securities - $535,449,000
- Real property - $99,504,000
- Other - $5,952,000

Other indicators
- Trusts accounts managed - 17,594
- Real property sold - 127 properties

Business indicators
- Client funds invested - $537,000,000
- Client income tax returns submitted - 2,599
- Client bills paid - $119,862,000
- Client receipts processed - $148,526,000

ORGANIZATIONAL CHART



D. Context for 2005/2006 Performance Results

1. Introduction

As described in the Accountability Framework, PGT annual reports are based on results of the first year of each three-year Service Delivery Plan (SDP). The 2005/06 Annual Report reports on PGT performance in Year 1 of the 2005–2008 SDP.

Many factors contributed to development of the 2005–2008 SDP and still others affected the results presented in this report. Some are external to PGT while some are related to internal capacity and known risks. The following discussion describes the context in which this report developed and the many forces that influenced it.

2. Development of PGT Goals, Objectives and Performance Measures

There are six goals set out in the approved 2005–2008 SDP. They are:

1. Property and financial interests of PGT clients will be well managed.
2. Personal interests of PGT clients will be protected.
3. Statutory protective and monitoring services will be delivered in an appropriate, timely and fair manner.
4. PGT will contribute to public awareness, policy issues and law reform initiatives to promote the interests of its clients.
5. PGT will improve its ability to deliver effective and efficient services to clients.
6. PGT will maintain a work environment that attracts, develops and empowers staff to deliver quality service.

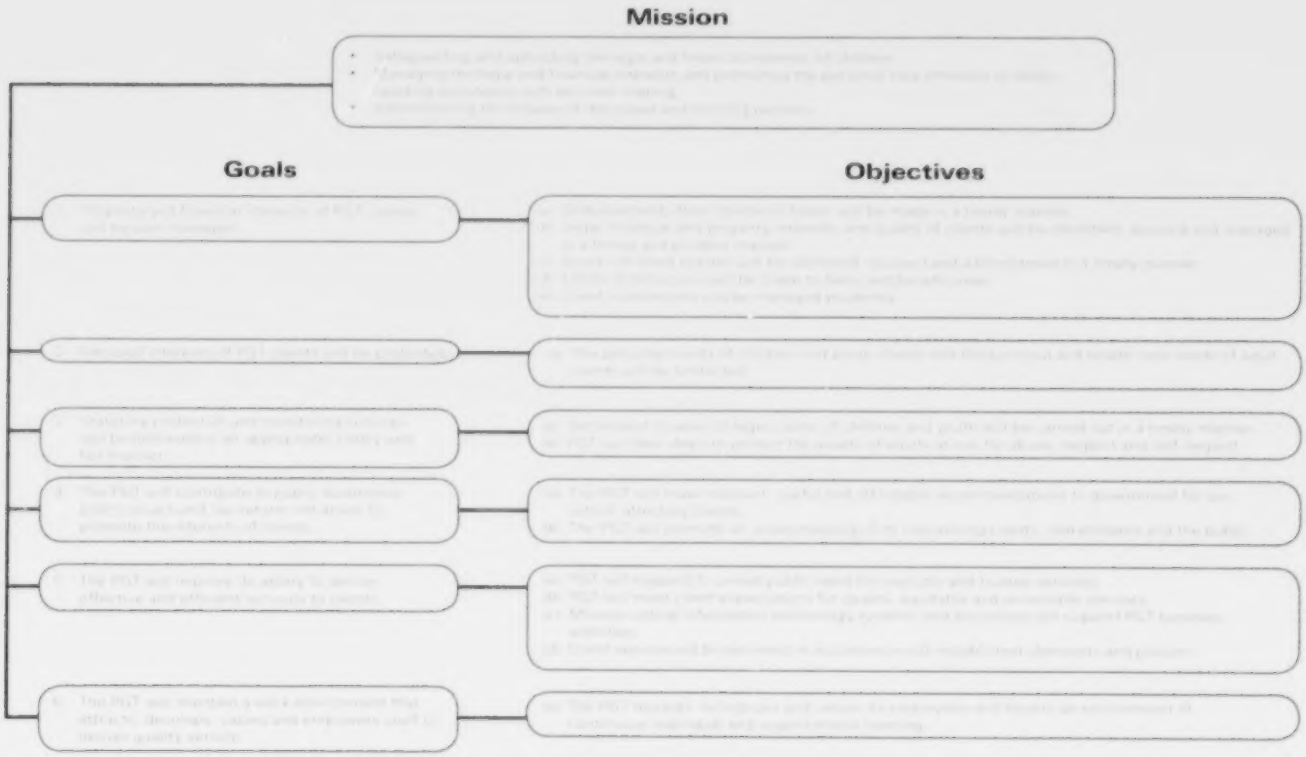
PGT is a client-centred organization that improves the lives of its clients by providing protective and fiduciary services to them. Clients experience rights, choices and security through protection of their legal, financial and personal interests. The goals reflect specific areas in which PGT can act to improve quality of clients' lives.

(a) Goals

The development of PGT goals reflects an approach to planning and measuring performance that takes into account the outcomes that truly matter in fulfilling its mandate. For PGT, these are the well-being of its clients, prudent management of client affairs, efficiency of its operations, and effectiveness of staff members.

Each of the six goals is related to one or more of these outcomes. Goals 1, 2 and 3 deal directly with work that PGT undertakes on behalf of clients. Goal 4 concerns both clients and organizational effectiveness, Goal 5 is directed to internal operations and Goal 6 concerns PGT staff, although both also impact clients. As a fiduciary, most PGT work deals with property and financial management. As can be seen on the following chart linking the goals and objectives, Goal 1 has the greatest number of associated objectives and touches almost every area of the organization.

2005/2006 SERVICE DELIVERY PLAN



(b) Objectives

Objectives identified in the SDP serve several functions. They interpret and make visible the meaning of the goals as they relate to specific aspects of PGT work; they identify key areas of performance; and they point to certain desired results in achieving the goals. The selected performance measures reflect PGT best efforts to identify aspects of its performance that are most directly related to fulfilling the stated goal while still capable of being measured.

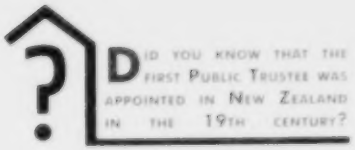
Selecting objectives and performance measures is particularly challenging for PGT because in most instances, the PGT contribution to outcomes is contributory rather than causative. For example, PGT improves the quality of life for children by approving legal settlements under $50,000.00. This helps children by protecting their legal rights and ensuring that their settlements are fair, reasonable and in their best interests. However, outcomes for these children are influenced by many other factors.

PGT is engaged in a long-term review process to identify areas in which some measures could be moved more towards outcomes in a manner that is both meaningful and cost-effective. Any changes would also still have to be consistent with the special reporting requirements of the Public Guardian and Trustee Act.

(c) Performance Measures

In selecting objectives, measures and targets, PGT acts in accordance with underlying assumptions that flow from its major values. Many PGT clients are among the most vulnerable members of our society and PGT contributes to their well-being through activities that are significant to clients, their family, friends, caregivers or heirs. Factors including accessibility, timeliness, empowerment and accuracy are important to client well-being. Other factors include the need for client, stakeholder and public confidence in PGT expertise.

Many targets are driven by external considerations such as legal requirements (e.g. fiduciary obligations); may be benchmarked against private sector standards (e.g. investment returns); may be driven by safety issues (e.g. investigations in high risk situations); or may reflect a balance between service demand and resources in a largely self-funding environment.



Due to the planning and reporting cycle, targets reflect PGT assessment of appropriate attainable service levels based on its best judgment at the time they were established 18 months previous in the service planning cycle. Targets are also set with a view to determining the acceptable level of performance given resources and constraints in a given period.

The process is evolving and PGT is coming closer to establishing the most appropriate service levels. Results are continually assessed to determine if measures should be continued, targets should be increased or if resources could be reassigned to other service areas.

PGT seeks to meet its performance targets. When targets are at risk, resources are reallocated to the program area if available.

The performance measures are set out in the detailed table of results beginning on page 31.

3. Role of PGT Mission, Vision and Values

The PGT Mission, Vision and Values are reflected in all aspects of its service delivery. In some cases, they are expressed in the philosophic approach that PGT staff bring to their work, such as ensuring that clients participate in decision-making about their lives to the greatest possible extent. In other cases they are expressed in formal policies and structures, such as the STAR Award program which recognizes excellence in work performed by staff and staff teams at all levels.

Much of the PGT mandate is to serve clients who do not have family or friends able to assist them. As a result, few PGT clients have come to PGT for service as a matter of choice. Many clients, particularly those in Services to Adults, are disadvantaged by mental illness, infirmity or separation from family or friends. All have experienced a loss of personal and/or financial autonomy. PGT must carefully balance its statutory responsibility to provide protection with its vision of rights and values of openness and respect for clients. Staff must make important decisions about how far they can go to respect a client's wishes even when those wishes do not appear to be in the client's interests.

PGT continually seeks new ways to improve its delivery of public services. Ensuring fair and consistent treatment of clients as well as staff through the use of written policies developed on an organization-wide basis, providing opportunities for feedback from staff and clients, and seeking new and innovative ways to communicate with and involve clients, stakeholder groups and external partners in PGT service delivery have produced measurable improvements in PGT performance.

PGT activities have a cumulative and contributory impact on improving the quality of clients' lives according to the specific client group and nature of the activity. Children and youth benefit when PGT acts to maximize their funds held in trust while still allowing appropriate disbursements. Adult clients benefit when PGT makes sustainable arrangements that respect client wishes to the extent possible while also managing their financial affairs and acting to maximize resources available for their needs. Heirs and beneficiaries benefit by receiving funds to which they are entitled after PGT has identified and located them and related assets.

Clients benefit from the PGT approach to providing maximum empowerment of clients. This is consistent with the values and approach identified in Goal 3 of the BC Great Goals for a Golden Decade, i.e., build the best system of support in Canada for persons with disabilities, special needs, children at risk and seniors.

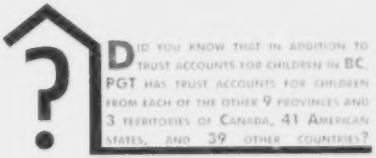
PGT contributes to efficiency of the social services, health, legal and justice systems by ensuring consistency, facilitating care and decision-making, providing experienced, objective reviews and taking protective measures on behalf of clients.

4. Societal Trends Affecting PGT Services and Mandate

A number of significant societal trends affect the work of PGT:

a) Changes in Population Demographics

This factor continues to be the single most important societal trend affecting PGT with the impact felt in the aging population, in the increasing diversity of PGT clients and in the strong growth rate among the Aboriginal youth population. The proportion and number of seniors continues to increase as people live longer due to advances in public health, medical technology and nutrition. Increasing immigration and associated family reunification has added significant complexity to providing services in a multilingual, multiethnic environment. Aboriginal youth comprise a significant proportion of children in continuing care of the Province and as such, of PGT Guardian of Estate clients.



Did you know that in addition to trust accounts for children in BC, PGT has trust accounts for children from each of the other 9 provinces and 3 territories of Canada, 41 American states, and 39 other countries?

PGT has a large proportion of clients who are affected with diseases of aging. Seniors, particularly those over age 85, are the fastest growing segment of BC population. The incidence of dementia and other diseases of aging increases significantly as the population ages. PGT services will be affected as a larger proportion of the population will need care and support for health care and financial decision-making as well as estate and personal trust services.

The impact of this growth in the proportion of senior clients intersects most other trends affecting PGT, such as restructuring of the health and social services sectors, a disjointed legislative framework, increased immigration, the need for informed consent, growing awareness of elder abuse, increased potential for abuse, neglect and self-neglect, and lack of societal consensus regarding application of new medical technology available at the end of life.

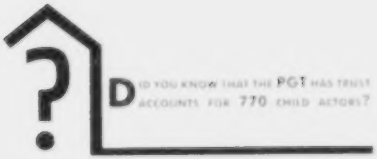
The general population is more mobile, with the result that families are widely dispersed and local family supports, particularly for the elderly, may not be available. Immigration factors and population mobility within Canada can also make it difficult to locate family members when required, and also heirs and beneficiaries. The growth in the Aboriginal youth population will increase demand for child and youth services at least in the short and mid-term.

b) Enhanced Attention to Child Protection

The BC Child and Youth Review conducted in 2005/06 by Ted Hughes, Q.C., responded to public concern with the state of BC child protection services following the homicide of a child in care and disclosure of hundreds of secondary child death reviews that had not been completed. PGT was one of several public agencies reviewed by Mr. Hughes and his

report endorsed the PGT continuing its role as Guardian of Estate of children in continuing care and working more closely with the Ministry of Children and Family Development, the Chief Coroner and the new Representative for Children and Youth.

Impact of the Hughes Report, combined with heightened public interest, will increase the expectations of PGT child guardianship activities. These factors are occurring at a time when PGT is also reacting to the impact of Supreme Court of Canada decisions that are forcing it to reassess its traditional approach to delayed litigation in abuse cases for minors for whom it acts as Guardian of Estate.



The cumulative impact of these changes may be a more proactive, significantly expanded PGT child and youth services program. This will have resource implications.

c) Personal Planning and Self-Management

The growth of a rights conscious society in which individual rights are emphasized has its counterpart in a public movement towards promoting self-reliance and self-management. These movements will increase in significance for PGT as the "baby boom" generation becomes its clients with their expectations of increased accountability at the organizational level combined with participatory decision-making at the client level supported by extensive provision of information and a desire for choices and flexibility.

In the PGT context, key factors will include continued emphasis on structuring its administrative discretion, emphasizing due process and using more oversight and accountability tools to ensure that respect for client rights can be demonstrated. This increases the requirement for staff training and for maintaining clear, current policies. The need for increased access to information will also require PGT to organize its information technology to respond effectively to this demand.

This trend highlights the need for effective public education and information relating to areas of PGT responsibility such as incapacity planning as part of a demand management strategy. It also highlights the importance of developing strong partnership relationships with other service providers to achieve maximum efficiencies in areas of overlap.

Another important element of this trend is the need for legal options to be available for incapacity planning. Proposed legislation for this purpose was introduced in 2006 (Bill 32: *The Adult Guardianship and Personal Planning Statute Amendment Act, 2006*) but its future is unknown at the time this report is being written. The degree to which these options are available and used will be significant in terms of demand for PGT services.

d) Growing Recognition of Abuse and Neglect of Adults

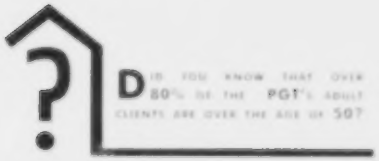
While society's recognition of abuse, neglect and self-neglect of adults in vulnerable situations is still in its early stages, there is increasing appreciation of the impact of such abuse. Proclamation of Part 3 of the *Adult Guardianship Act* in 2000 reinforced public expectations that PGT will be actively involved in working with communities to prevent or reduce incidence of abuse.

PGT facilitated development of Community Response Networks and the BC Foundation to Support Community Response Networks to Adult Abuse and Neglect. The Services to Adults Division has also been affected, particularly in its assessment and investigation responsibilities, and works with Designated Agencies under the *Adult Guardianship Act* (the five regional health authorities and Community Living BC) to respond directly to reports of abuse, neglect and self-neglect.

PGT is also working with financial institutions and police agencies to increase awareness of the financial dimensions of this abuse. In addition, PGT is facilitating bringing together First Nations communities and Aboriginal agencies with Designated Agencies and others involved with adult guardianship work to clarify responses and roles when abuse, neglect or self-neglect is reported or suspected on reserve.

e) An Evolving Litigation Environment

Canadian society has become increasingly litigious over the past few decades and this has had an impact on PGT both in terms of its participation in various legal proceedings and in an enhanced concern with risk management.



Among other changes, BC has seen an increase in lawsuits relating to forms of injury suffered in institutionalized settings. As a result, PGT has been involved in various legal actions on behalf of clients who were resident in those institutions at the time the injury was alleged to occur.

The advent of class proceedings legislation has increased potential for common issue lawsuits to be brought on behalf of plaintiffs, including those under disability, and has raised expectations that PGT will determine which of its clients are class members. This applies whether or not PGT is acting for the plaintiffs directly. In a ruling related to the Woodlands class action, the court ruled that although another party was bringing the action, it expected that PGT would be involved to a significant degree.

In response to a series of Supreme Court of Canada decisions regarding liability for damages associated with abuse of minors, PGT is reassessing its traditional policy of deferring litigation in such cases until the minor is older and impact of the abuse is more pronounced.

f) Impact of Disjointed Legislative Framework

The legislative framework governing PGT is a mixture of old and new legislation with contradictory policy objectives and resultant significant gaps in coverage. This has developed over time as newer statutes have been enacted with provisions that have been more consistent with modern approaches to substitute decision-making while older statutes passed many years ago embodying different philosophies have remained in effect.

This situation results in considerable confusion among both public and professional practitioners such as doctors and lawyers. It also negatively impacts clients as PGT may be unable to respond to their needs with as much flexibility as it wishes. Lack of some statutory provisions such as those governing admission to health care facilities results in an environment in which caregivers and families may be at risk for taking necessary protective actions without express legal authority.

Discussion papers were circulated on various topics during 2005/06 and legislation was introduced to the Legislature in 2006, but has not yet passed.

g) Changes in the Financial Industry

The deregulation of the financial sector a decade ago has caused financial institutions to examine profitability of trust and estate services and as a result, to concentrate on more wealthy clients. Most financial institutions have increased minimum capital thresholds and minimum capital and ongoing management fees. This has resulted in more pressure on PGT to provide professional estate or trust services for people of modest means who cannot obtain the services elsewhere. These trusts are most frequently for the benefit of individuals in PGT traditional client groups.

5. Other Factors Affecting PGT in 2005/2006

During 2005/06, a number of broader governmental initiatives, legal, and other developments directly affected PGT work and operational capacity. These include:

a) Restructuring of the Health and Social Services Sector

PGT is a small organization with extensive responsibilities. Most of its clients have very limited financial resources and PGT is a last resort agency for them. Continued restructuring of the BC health and social services sectors has had, and continues to have, a direct impact on PGT workload. PGT staff must spend more time identifying and maintaining a range of appropriate service providers for clients.

Operating within a restructured service environment, PGT must be more closely involved with individual clients to ensure that the services delivered meet their particular needs. It must also develop and maintain a broad awareness of available community services and engage in considerable partnership activity.

Service providers are themselves under expenditure pressure. Some have focused services and therefore are unable to assist clients with a range of needs beyond their specific service. For PGT clients, providing this service falls to PGT. Additional resources have not been made available to fund this increased PGT public service workload and client finances are unable to meet the cost of service.

b) Impact of chronic overload

PGT is increasingly experiencing the eroding impact of stresses associated with managing a chronic overload relative to its resources. The overload is related to several factors such as significant growth in demand associated with legal decisions, restructuring of the provincial health and social services sectors and the trend towards increasing user pay models which impacts clients and their fiduciaries.

These areas of increased demand have added cost pressures for which potential recoveries are distant and/or minimal. Further, these resource-intensive demands developed during a lengthy period in which contributions to the PGT base budget remained relatively static apart from specific changes associated with new legislation.

The cumulative impact of managing this overload is manifested in many ways. For example, PGT staff workloads are often much higher than those in other jurisdictions as demonstrated by a Canadian national survey of Public Guardians and Public Trustees; a 2004/05 PGT staff survey found that 44% of staff disagreed that their workload was manageable, with nine per cent strongly disagreeing; and survey results were confirmed in consultations in 2005.

c) Growing importance of partnerships

Positive well-informed relationships with service partners are becoming both increasing important and more complex and time-consuming to develop and maintain as the service-provider community continues to evolve. For example, responsibility for services to developmentally disabled adults is continuing to evolve since responsibility has been transferred from MCFD to Community Living BC. The creation of the Registrar of Assisted Living and the increased emphasis on that sector has presented new relationships for PGT to build and maintain and PGT has been actively involved in helping to build a more complete legislative structure for future residents. The growth of Aboriginal Services also presents many new relationships for PGT.

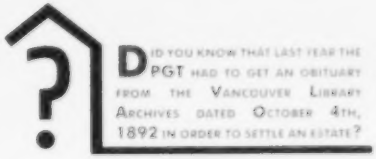
A stakeholder survey in 2005 found that service providers want a closer relationship with PGT and consider that extensive public education and information is needed. This need includes both education with respect to PGT and to related subjects such as adult guardianship, incapacity planning and protection issues. The Hughes BC Child and Youth Review called for increased partnerships in the child protection area and for PGT to play a continuing and more active role in this field.

d) Services to Aboriginal British Columbians

Services to First Nations and Aboriginal British Columbians are increasingly being delivered through or in partnership with service models that emphasize Aboriginal service agencies.

The Hughes Child and Youth Review emphasized the importance of Aboriginal partners in the delivery of child protection services and PGT planning is reflecting that a large proportion of its child and youth Guardian of Estate clients are Aboriginal.

PGT works in conjunction with Indian Affairs and Northern Development Canada to deliver services to adult clients who live on-reserve. It also partners with First Nations, Aboriginal Agencies, Designated Agencies and others in furthering work related to adult guardianship awareness and activities.



DID YOU KNOW THAT LAST YEAR THE PGT HAD TO GET AN OBITUARY FROM THE VANCOUVER LIBRARY ARCHIVES DATED OCTOBER 4TH, 1892 IN ORDER TO SETTLE AN ESTATE?

e) Revenue Issues and Fiscal Model

PGT operates in an environment that is subject to considerable volatility in both revenues and demand for services and has limited capacity to influence or buffer the impact. Revenues are impacted directly by market conditions and rates of return on investments. Demand for services is related to demographics, availability of alternatives

to PGT services, court decisions and the range of services provided and decisions made by other organizations.

These pressures are further compounded by PGT legal obligations and budget inflexibility. For example, access to the PGT Special Account is limited so it cannot act as a buffer to budgeted variances without impacting expenditure levels as approved by Treasury Board.

While PGT revenues continue to grow, the combined impact of uncertain weakened financial markets that reduced commissions dependent on interest rates and improvements in client service that decreased the length of time client assets are administered have negatively impacted them. Due in part to this revenue volatility, and to its inflexible funding structure, PGT has undertaken a review of the principles and underlying assumptions about the manner in which it derives its revenue.

PGT fees are established by Cabinet through the *Public Guardian and Trustee Fees Regulation*, BC Reg 312/2000, as amended. The Fees Regulation currently follows the traditional model for compensating fiduciaries in that its fees are primarily income and asset-based. However, this may not be the most appropriate model for the PGT client base, which has significantly less assets and can be administratively more complex than those clients managed by private sector financial institutions. This income-based model also subjects PGT to external factors that impose an unnecessary and excessive degree of volatility, complexity and cost of administration. While these factors are beyond its control, PGT continues to face a relatively stable underlying client base.

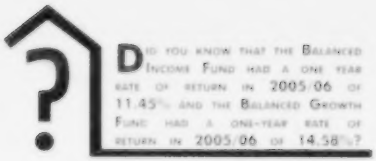
Since the 2001 Core Services Review, PGT has been moving to a cost allocation model in which each specific line of PGT services is operated on one of three bases. These include estate and trust services which will be fully cost recovered, monitoring services which will be funded through a blend of shared cost recovery and public funding, and public services which will be fully public funded. This would eliminate the present situation in which there is cross-subsidization across program lines.

PGT has embarked on a long term process to identify and review its client-related service standards and related budget implications and will be continuing to propose refinements to government of its fees and commissions as well as seeking changes to public funding amounts and allocations that will allow it to meet its legal obligations and performance targets as approved by the Attorney General. The impact of proposals for a revised fair fiscal model, if approved by Cabinet, would be felt in coming years.

f) Modernizing Information Systems

The PGT primary information technology operating systems are legacy systems and are difficult and costly to operate and maintain. PGT is moving quickly to develop a modern case management system that will be fully implemented by spring 2008 and plans to follow this with renewal of the trust accounting system.

Modernizing case management, renewing trust accounting and related business improvements represents a major commitment for the organization and its staff, both with regard to cost and staff time devoted to implementation.


Do you know that the Balanced Income Fund had a one year rate of return in 2005/06 of 11.45% and the Balanced Growth Fund had a one-year rate of return in 2005/06 of 14.58%?

g) Evolving Service Delivery Model

The PGT service delivery model continued to evolve in 2005/06 with changes in three key areas: responsibility, duration of administration and service standards.

Momentum continued to grow in the long-term transition from the PGT acting primarily as a fiduciary to one that includes investigatory and regulatory roles. Workload associated with regulatory activities may, for some individuals, never be associated with individual clients' financial management by PGT.

A combination of PGT policies, population demographics, and policies and patterns of care of health and social services agencies have resulted in a greater proportion of PGT adult clients becoming involved with PGT later in life. Establishing a new client is a very labour-intensive process and the brief time that the client's estate is administered means that workload remains high even where snapshot client numbers may be marginally decreasing.

PGT is continually reviewing its service standards and improving them where possible to be consistent with court decisions, legislative change and with public and professional expectations. These changes also add to the complexity and volume of the PGT workload.

6. Risk Management

PGT acts in a broad range of fiduciary, statutory and court ordered roles. Because of the associated legal risks, almost all PGT operations are designed to incorporate appropriate risk management practices. These include investigative work in conjunction with case management, financial controls, approval processes and physical security, such as use of a vault, safety deposit boxes and secure warehouse storage.

During 2005/06, PGT effectively managed a number of both general and specific risks related to achieving the goals, objectives, performance targets and other measures set out in the service delivery plan and there were no significant risk-related events. The table on the next page summarizes PGT risk management activities.

In 2005/06, PGT implemented a comprehensive new policy and management framework for its client real property activities which are recognized as generally higher risk assets than other client asset classes. Implementation, training and secondary policy issues were addressed throughout the year. A parallel risk analysis of property insurance requirements was also carried further in the context of ensuring that client interests are protected in an appropriate manner. This analysis will continue in 2006/07.

PGT made significant progress towards upgrading to newer case management and trust accounting software. Trust accounting enhancements have now been consolidated and further work in this area will be deferred pending major attention to implementing the new case management system.

PGT has continued to improve its organizational capacity to manage ongoing risks to its service delivery goals and objectives through its risk management strategies which are regularly reviewed on an on-going basis.

One major strategy is continued reduction in historic backlogs in Estate Liaison and Estate and Personal Trust Services. As backlogs decrease, resources can gradually be redirected to the present workload which will prevent future backlogs from developing. The historic backlog in deceased estates no longer needs to be tracked as a separate performance measure and the Estate Liaison backlog is being reduced well ahead of its performance target.

Situation	Potential Risks	Risk Mitigation Strategy
o Limited resources are available to meet the demand for PGT services	o Current minimum service standards could be sacrificed o Backlog reduction efforts could fail	o Reasonable and sustainable minimum performance standards seek to balance current demands with elimination of historical backlog o Available or year funds are applied in small focused efforts to advance backlog reduction
o Legislation requires PGT to consult to the extent possible with the adult prior to making a substitute health care decision	o PGT could fail to identify all factors relevant to making a substitute health decision on behalf of an incapable adult	o Timeliness standards for carrying out the role of Temporary Substitute Decision Maker balance the risk of delay in treatment for the adult with time needed to properly gather information o Policies have been implemented to guide staff on when face-to-face consultation is needed
o PGT is legally liable in the exercise of its statutory and fiduciary responsibilities	o PGT could fail to identify and protect financial or legal interests of a client in a timely manner o PGT could mishandle client trust funds o PGT could inappropriately disclose personal information	o Timeliness standards for securing property and reviewing legal and financial claims reduce the risk of loss related to possible negligent performance of duties, missed deadlines or limitation periods o Appropriate accounting and trust management controls are in place to protect client funds against loss from mismanagement or negligence o Policy has been implemented to protect client personal information
o The interests of PGT clients are affected by a broad range of regulatory and statutory provisions	o External policy changes could be made that potentially harm legal, financial or personal interests of PGT clients	o PGT consults with relevant governments about the impact of potential changes to legislation and programs o PGT makes public education materials available to clients and related service providers so that they may take steps to protect their own interests
o PGT staff are experiencing a rapidly changing work environment related to changes associated with public sector restructuring and PGT focus on service improvement	o PGT staff could fail to use newly developed policies and procedures	o Managers ensure that all staff receive a minimum number of training days o PGT staff are surveyed and asked whether they believe they have the training necessary to do their jobs o PGT has implemented a "key policies" strategy
o PGT is dependent on access to electronically stored information and data in order to carry out its duties	o Fire and earthquake damage to PGT offices could destroy critical information	o A basic disaster recovery program is in place providing daily back-up of electronic information to an off-site location and ability to deliver services from off-site o Enhancements to this program are under development

7. 2005/2006 Performance Results

In 2005/06 PGT met or exceeded its target for 31 of 33 (or 94%) of its performance measures. Comments related to data and use of comparative information are discussed below. Specific performance details related to each measure are provided in the table following.

a) Source Data

During 2005/06, PGT maintained clear documentation of the process of collecting and reporting on data supporting its performance results which has contributed to ensuring consistency and reliability in reported results. PGT continues to face resource challenges associated with manual data collection pending development of enhanced information technology including a full case management system.

PGT continues to review its performance on a quarterly basis both to manage performance and also to identify concerns with data collection and reliability. PGT uses spot checking, cross-referencing data sources and checking new reports against prior versions for consistency and to test reliability of results.

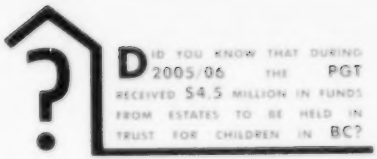
In reporting on performance results, PGT usually rounds to the nearest full number. However, it does not round in circumstances in which rounding would leave the impression that a target had been reached when it had not.

In accordance with the *Public Guardian and Trustee Act*, the PGT annual performance report is the subject of an audit by the Auditor General or an independent auditor to provide third-party assurance on the reported results. Financial statements for the PGT operating account and estates and trusts administered are also subjected to annual independent audits to provide third-party assurance.

b) Comparative Information

PGT is a unique organization without private sector comparators and with limited comparability to public bodies in BC and other jurisdictions. Because of its responsibilities, mix of services and unique legal status, its access to generally accepted service standards is limited. Public Guardian and Public Trustee agencies in other provinces each have some responsibilities and services or elements of them in common with PGT, but none have the same mix or authorities.

PGT has initiated discussions with other jurisdictions on developing a limited range of benchmarks for use at the national level which may inform how PGT will measure performance in future. While progress on establishing targets will be very gradual because of the significant differences between jurisdictions, agreement was reached in 2004/05 on a small number of activities that will be tracked.



Consistent data may eventually lead to agreement on establishing desired service levels. In 2005/06, PGT Services to Adults modified its tracking to record client age groups in a manner consistent with that requested by the annual Canadian interjurisdictional survey. PGT will reassess its targets as interjurisdictional standards are established.

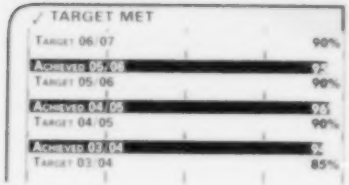
For 2005/06, PGT is able to make comparisons to its own past performance using information reported in Annual Reports. While some measures have changed or been newly introduced during this period, the available comparative data has become more substantial each year and has been used in several instances as a basis for modifying performance targets and/or changing measures.

Particulars of significant changes are described in sections relating to the specific measures. Minor changes such as increases in targets are identified with each measure and the history of changes is shown in the accompanying graphic representation. In 2005/06, targets were made more challenging for eight performance measures.

GOAL 1 PROPERTY AND FINANCIAL INTERESTS OF PGT CLIENTS WILL BE WELL MANAGED.

Objective

a. Disbursements from children's trusts will be made in a timely manner.



Benefits children and youth by allowing appropriate disbursements while applying necessary controls to maximize funds for their future.

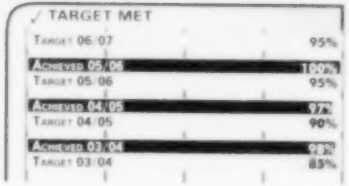
Performance Targets and Other Measures

i. Percentage of disbursements from children's trusts completed within 15 days of the guardian or client's request.

A major responsibility of Child and Youth Services is managing trusts where a child or youth is the beneficiary. As part of this role, Guardian and Trust Officers (GTOs) consider client requests to spend some of their trust monies. Unlike a bank account, however, monies held in trust are subject to a number of spending restrictions designed to protect the client. GTOs must determine whether the request falls in or outside these restrictions, while still providing a timely response. In most cases, it is reasonable to expect a request to be decided within 15 days. In 2005/06, out of 3,697 decisions, 3,449 (or 95%) were completed within 15 days of the Guardian's or client's request.

Objective

b. Legal, financial and property interests and assets of clients will be identified, secured and managed in a timely and prudent manner.



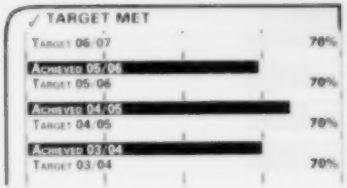
Improves well-being of children and youth by protecting their legal rights while also satisfying PGT legal obligations as fiduciary.

Performance Targets and Other Measures

i. Percentage of child and youth guardianship clients where financial entitlements and legal claims are identified by PGT and acted upon within 60 days of being notified.

The PGT must identify any outstanding financial entitlements or legal claims of children for whom it is Guardian of Estate and commence appropriate action before limitation dates or application deadlines affecting those claims expire. The measure had initially established 6 months as an appropriate target for the investigation and commencement of needed action and this was reduced to 60 days based on experience. In 2005/06, out of 6,376 files, 6,371 (or 100%) were acted upon within 60 days.

GOAL 1 PROPERTY AND FINANCIAL INTERESTS OF PGT CLIENTS WILL BE WELL MANAGED.



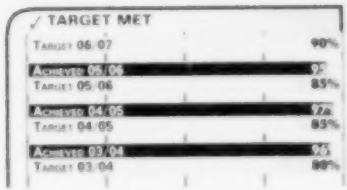
Improves quality of life for incapable adults by developing plans to maximize resources available for their care and making arrangements that respect client wishes to the extent possible

Performance Targets and Other Measures

ii. Percentage of personalized case plans, covering property, effects, legal issues and living arrangements that will be developed and implemented for new adult clients within 6 months of PGT appointment as Committee of Estate.

Completion of a personalized case plan for a new Committee of Estate client is evidence that PGT has taken the steps necessary to identify and secure the property and financial interests of that client and provide for their ongoing protection. The time taken to develop and implement the plan will vary with the complexity of the client's property and financial interests. For most new clients, six months is a reasonable expectation in which to complete the case plan as it regularly takes several months to collect all relevant information about clients.

In 2005/06, 329 new clients under the *Patients Property Act* required these plans and PGT succeeded in developing personalized case plans for 242 (or 74%) of them within the 6 month timeframe.



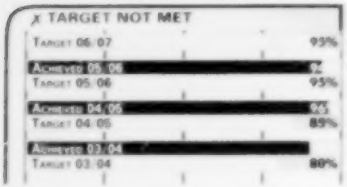
Improves quality of life for incapable adults by maximizing resources available for their care

Performance Targets and Other Measures

iii. Percentage of client trust receipts processed within 5 business days.

The timely processing of a client's income and other receipts is an important activity in the efficient management of a client's financial affairs. By depositing income and other funds into a client's trust account promptly, flexibility in managing a client's affairs increases as does the potential for the client to earn investment income. In 2005/06, out of the 23,190 receipts of income or capital received, 21,984 (or 95%) were processed within the 5 day target.

GOAL 1 PROPERTY AND FINANCIAL INTERESTS OF PGT CLIENTS WILL BE WELL MANAGED.



Improves quality of life for incapable adults by assuring timely bill payment

Performance Targets and Other Measures

iv. Percentage of client disbursements processed within 15 business days.

Another important aspect of managing a client's affairs is ensuring that client bills are paid in a timely manner. The majority of client bills are dealt with on an automated basis and require minimal staff involvement to ensure that client interests are protected once a budget has been established that contemplates these bills. Some bills require manual processing which entails more complex handling.

In developing the 2005-2008 Service Delivery Plan, this measure was intended to be broadened to include a much larger-range of client disbursements, such as automated payments. The target was increased from 85% to 95% to reflect impact of the payment mechanisms.

However, these changes were not made because of the impact of other corporate priorities and manual processing just missed achieving the higher target. In 2005/06, 11,970 out of 12,717 or 94% of manually processed bills received and paid within a single month were processed within 15 business days.

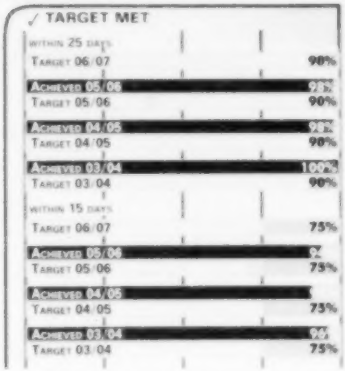
Manual cheque processing in the two regional offices is not formally captured by this measure pending implementation of new information systems. However, the following unaudited regional statistics, which are based on the fourth quarter, will serve as an indication of similar activity levels in these offices:

- Vancouver Island – 2,568 of 2,600 (or 99%) within 15 days
- Interior/North – 2,569 of 2,584 (or 99%) within 15 days

GOAL 1 PROPERTY AND FINANCIAL INTERESTS OF PGT CLIENTS WILL BE WELL MANAGED.

Objective

c. Assets of client estates will be identified, secured and administered in a timely manner.

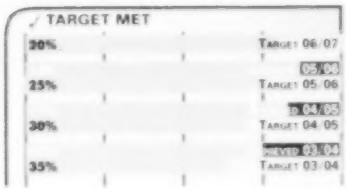


Secures and maximizes funds available to estates of deceased clients

Performance Targets and Other Measures

i. Physical assets of new deceased estates secured within 15 days of notification of death in 75% of estates, and within 25 days of notification of death in 90% of estates.

Securing the physical assets of an estate is a critical step in reducing risk of damage and preventing loss to the value of an estate. The result for creditors and beneficiaries of the estate improves according to how quickly physical assets are secured. The measure has two sub-targets to reflect differences associated with more complex situations. In 2005/06, PGT was notified of 92 estates, of which, 86, or 94%, were secured within 15 days and 4 additional estates within 25 days. The total secured within 25 days was 90 of 92 or 98%.



Maximizes funds available to beneficiaries of estates of deceased clients

Performance Targets and Other Measures

ii. Percentage of Estate Liaison files where more than two years has elapsed following termination of active committeeship.

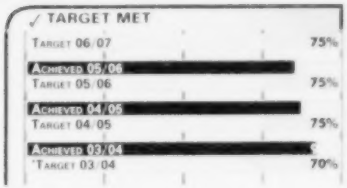
In the event of the death of an adult client, management of the former client's affairs is carried out by the Estate Liaison Team which makes immediate efforts to locate the client's executor or heirs able to administer the client's estate. In the interim, Estate Liaison must continue to manage the estate, though in a manner that interferes as little as possible in future decisions an executor or administrator might wish to make. PGT has developed a number of strategies, including fees, to reduce the time between the end of active committeeship and a family member or other representative taking over administration of the former client's estate.

As its standard, PGT measures the number of these files over two years old. For 2005/06, PGT sought to reduce them to not more than 25% of the total. At March 31, 2006, out of the 394 post-active committeeships being managed by Estate Liaison, just 50 (or 13%) were older than two years.

GOAL 1 PROPERTY AND FINANCIAL INTERESTS OF PGT CLIENTS WILL BE WELL MANAGED.

Objective

d. Estate distributions will be made to heirs and beneficiaries.



Protects heirs and beneficiaries by ensuring they are located and their entitlement distributed

Performance Targets and Other Measures

i. Percentage of deceased estate funds distributed to heirs and beneficiaries rather than transferred to the BC Unclaimed Property Society.

PGT administers estates of deceased persons when no one is willing or able to administer them or where the heirs or beneficiaries are unknown. If after conducting a search, PGT is unable to determine the lawful heirs of an estate, the balance of the estate after payment of creditors, administration fees and expenses, is transferred to the BC Unclaimed Property Society (BCUPS).

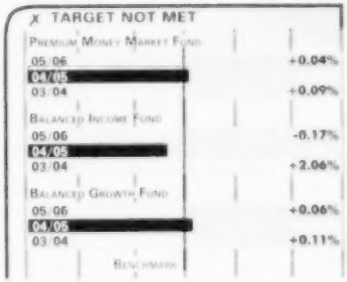
While many estates are distributed through single payments, depending on individual circumstances, estates may be distributed in interim stages, and a single estate may comprise multiple distributions even within a single year, sometimes to the same individual. In 2005/06, PGT Estate and Personal Trust Services made 647 distributions.

The total value of distributions was $12,863,364 of which $10,929,427 (or 85% of value) was distributed to heirs and beneficiaries. The remaining $1,933,937 (or 15% of value) was transferred to BCUPS. The scope of the measure was expanded in 2004/05 to include all funds where it had previously measured only those estates over $20K. This expansion represents a more challenging target since small estates can justify and afford less heir tracing.

In the past, PGT reports have identified the total number of estate files that have been distributed or closed. Referring to the number of distributions is a better indicator of the range of activities involved in the distribution of estate funds under direct PGT administration.

Objective

e. Client investments will be managed prudently.



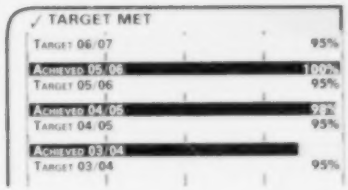
Improves quality of life for clients by prudently managing their financial resources through quality investment management

Performance Targets and Other Measures

i. Investment returns for all three pooled funds match or exceed established benchmarks.

PGT has three pooled trust funds – the Premium Money Market Fund, the Balanced Income Fund and the Balanced Growth Fund. The majority of client funds are held in the Premium Money Market Fund. Investment returns are calculated using investment industry standard four-year rolling averages with information on returns provided by third party performance measurement services. For the year 2005/06, two of the three pooled investment funds met or exceeded their applicable benchmarks as at March 31, 2006. The Balanced Income Fund was slightly below its designated benchmark. For more detailed information on investment rates of return, see page 16.

GOAL 1 PROPERTY AND FINANCIAL INTERESTS OF PGT CLIENTS WILL BE WELL MANAGED.



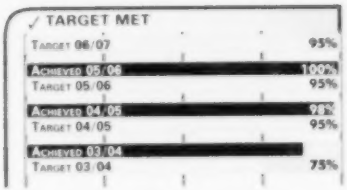
Improves quality of life for clients by prudently managing their financial resources through quality investment management

Performance Targets and Other Measures

ii. Personalized investment plans developed and implemented for clients with financial assets over $50,000.

PGT acts in the best interest of clients in managing their property and financial interests. Developing and implementing personalized investment plans is one way in which investment decisions can be tailored to individual client circumstances.

In 2005/06, PGT continued to give priority to clients with assets over $50,000. Out of 1,265 such clients as at September 30, 2005, 1,261 (or 100%) had personalized investment plans developed and implemented by March 31, 2006.



Improves quality of life for clients by ensuring planning remains up to date

Performance Targets and Other Measures

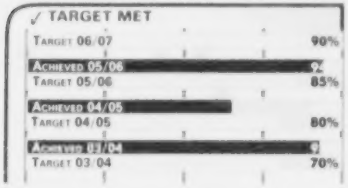
iii. Investment plans subject to review according to the assessed level of risk associated with the client investment portfolio will be completed within the year.

Monitoring existing client investment plans is important because client needs change over time. Individual client circumstances such as increased or decreased need for cash funds are considered when developing and reviewing investment plans. At March 31, 2005, 763 investment plans were scheduled for review during 2005/06. 91 clients left PGT during the year. Of the remaining 672, all 672, or 100%, of the scheduled account reviews were completed.

GOAL 2 PERSONAL INTERESTS OF PGT CLIENTS WILL BE PROTECTED.

Objective

a. The personal needs of children and youth clients and the personal and health care needs of adult clients will be protected.



Improves quality of life for children by providing for sustainable management of their current and future needs

Performance Targets and Other Measures

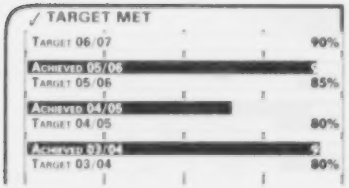
i. Personalized case plans will be developed and implemented for children awarded in excess of $50,000 for cost of care within 6 months of the PGT receiving funds and then annually reviewed.

In 2005/06, PGT implemented case plans on behalf of children who had been awarded $50,000 or more for the costs of future care. This includes both lump sum and alternative arrangements, such as structured settlements and structured trial awards where pre-determined sums are paid to PGT in regular instalments, a practice that is increasing in frequency. It does not include funds that courts authorize to be paid directly to parents.

A case plan is typically prepared at the request of the child's guardian. Some children awarded funds for costs of care do not utilize them or require case plans while minors. This preserves the funds for cost of care needs once the child reaches majority.

In 2005/06, personalized case plans were developed and implemented or reviewed within the target timelines for 32 of 34 (or 94%) minor clients who had been awarded $50,000 or more for costs of care.

This measure was previously combined with 2.a.ii. It was separated this year because the combined measure created undue complexity for measurement purposes.



Improves quality of life for children by providing for sustainable management of their current and future needs

Performance Targets and Other Measures

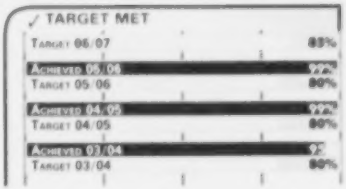
ii. Personalized case plans will be developed and implemented for children and youth where on-going assistance with day-to-day maintenance has been approved within 20 days of receiving all decision-making information and then annually reviewed.

In 2005/06, PGT implemented case plans on behalf of 71 children who had been awarded $50,000 or more for ongoing maintenance. This includes both lump sum and alternative arrangements, such as structured settlements and structured trial awards where pre-determined sums are paid to PGT in regular instalments, a practice that is increasing in frequency. It does not include funds that courts authorize to be paid directly to parents.

In 2005/06, personalized case plans were developed and implemented or reviewed for 65 of 71 (or 92%) minor clients who had been awarded $50,000 or more for ongoing maintenance.

This measure was previously combined with 2.a.i. It was separated this year because the combined measure created undue complexity for measurement purposes.

GOAL 2 PERSONAL INTERESTS OF PGT CLIENTS WILL BE PROTECTED.

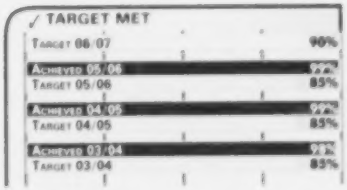


Improves quality of life for clients through direct contact with PGT staff and provides for maximum empowerment of the clients

Performance Targets and Other Measures

iii. Percentage of Committee of Person clients who are annually visited by PGT staff.

There are a small number of clients for whom PGT acts as court appointed Committee of Person. At March 31, 2006, there were 112 adults for whom PGT acted as Committee of Person. Over the course of the year PGT staff visited 111 (or 99%) of these clients. For PGT the visit provides an opportunity to review the adult's personal situation and assess whether any changes are required to ensure protection of the client's ongoing personal and health care interests. For the adult, the visit provides a means of conveying information directly to PGT without an intermediary such as a caregiver or care facility administrator.



Improves efficiency of health care system and facilitates care for incapable adults

Performance Targets and Other Measures

iv. Percentage of major health care substitute decisions for adults made within 3 working days of all relevant information being received.

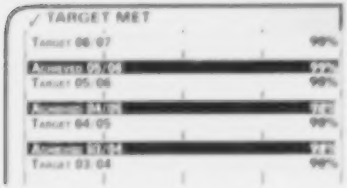
PGT protects the personal interests of adults by making health care decisions on their behalf when asked to act as Temporary Substitute Decision-Maker (TSDM) under the *Health Care (Consent) and Care Facility (Admission) Act*. Timeliness of the decision-making is important to ensure clients receive needed health care. In 2005/06, out of 183 major health care decisions, 182 (or 99%) were made within 3 days. PGT also performs many other related activities that are not identified as health care decisions for this purpose. The timeliness of PGT decisions on behalf of incapable adults with no one else to act as TSDM is important both to the health of the individual involved and to the efficient functioning of the health care system.

In previous years, this measure also included a sub-calculation for minor health care substitute decisions. These have been eliminated from the 2005/06 report to focus on major decisions.

GOAL 3 STATUTORY PROTECTIVE AND MONITORING SERVICES WILL BE DELIVERED IN AN APPROPRIATE, TIMELY AND FAIR MANNER.

Objective

a. Settlement reviews of legal claims of children and youth will be carried out in a timely manner.



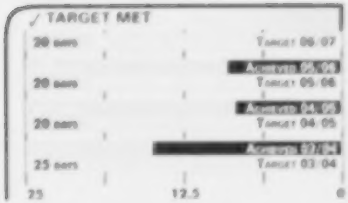
Increases efficiency of court system and protects children and minors by providing experienced, objective reviews in a timely manner

Performance Targets and Other Measures

i. Percentage of proposed settlements $5,000 and over that are reviewed and the parties advised of the PGT position within 60 days once all relevant information has been received.

PGT provides independent legal review of all settlements of a minor's claim for unliquidated damages, e.g. wrongful death of a parent, damages for personal injury arising from motor vehicle accidents, medical malpractice, and other claims. For settlements over $50,000, comments made by PGT are given to the court which then makes the final determination; for settlements of $50,000 or less, PGT alone reviews and where appropriate, approves the amount. This statutory service is provided to protect minors' property rights in obtaining fair and reasonable compensation from the negligent parties or their insurers.

The court recognizes 60 days for completing the reviews as a reasonable length of time in which to expect PGT to provide an appropriate level of scrutiny. Within this timeframe, PGT works as quickly as possible as this review is usually the final step in what may already have been a very long process of litigation and settlement for these minors and their guardians. In 2005-06, PGT reviewed the proposed settlements and advised the parties of PGT position within 60 days of all relevant information being received in 903 out of 915 cases (or 99%).



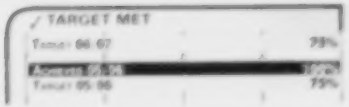
Increases efficiency of court system and protects children and minors by providing experienced, objective reviews in a timely manner

Performance Targets and Other Measures

ii. For settlements under $5,000, the average number of days to review and advise of PGT position regarding proposed settlements once all relevant information is received.

In 2005-06, PGT reviewed and concluded 541 proposed settlements under $5,000 over a total of 5,335 days for an average of 9.9 elapsed days per settlement. This measure is a subset of the previous measure (3.a.i). It is reported separately because it is desirable and more efficient to respond to minor settlements more quickly than is possible for larger, more complex settlements.

GOAL 3 STATUTORY PROTECTIVE AND MONITORING SERVICES WILL BE DELIVERED IN AN APPROPRIATE, TIMELY AND FAIR MANNER.



Surveying external stakeholders provides valuable input

Performance Targets and Other Measures

iii. Percentage of key personal injury stakeholder groups reporting satisfaction with the PGT process for making recommendations on unliquidated damage claims with proposed settlements of over $50,000.

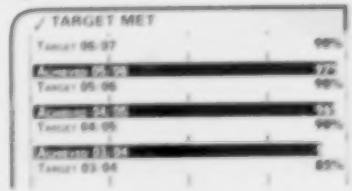
Under the *Infants Act*, PGT must review all proposed agreements to settle a claim by an infant for unliquidated damages greater than $50,000, exclusive of interest and costs, and provide written comments which the parties must provide to the court. The court considers the PGT comments in deciding whether to approve the proposed settlement.

Damages arising out of personal injury claims are the type of unliquidated damages most commonly at issue in infant settlements. This process does not apply to proposed settlements of $50,000 or less, exclusive of interest and costs, which are approved by PGT outside the court process.

In 2005/06, PGT surveyed all legal counsel acting on behalf of litigation guardians for children as plaintiffs who received copies of written comments being submitted to court respecting their clients' cases during the first three quarters of the year. Of 22 who responded to the survey, 22 or 100% rated the service as satisfactory or very satisfactory.

Objective

ii. PGT will take steps to protect the assets of adults at risk for abuse, neglect and self-neglect.



Increased safety for abused and neglected adults by taking protective action in a timely manner

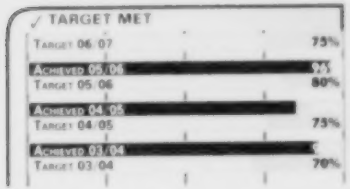
Performance Targets and Other Measures

i. Percentage of cases where, on confirming that the assets of an apparently abused or neglected adult unable to seek support and assistance are at significant risk and in need of immediate protection, protective steps are taken under section 19 of the *Public Guardian and Trustee Act* within one working day.

Under the *Public Guardian and Trustee Act*, the PGT is mandated to protect incapable adults at risk for abuse, neglect and self-neglect. One way it does this is to safeguard the assets of incapable adults in vulnerable situations so that those persons who are about to take financial advantage of them will be unable to do so. The speed of PGT action can be a major determinant of whether client assets are protected.

In 2005/06, PGT took protective measures in 104 cases. In 101 of these (or 97%), it did so within 1 working day.

GOAL 3 STATUTORY PROTECTIVE AND MONITORING SERVICES WILL BE DELIVERED IN AN APPROPRIATE, TIMELY AND FAIR MANNER.



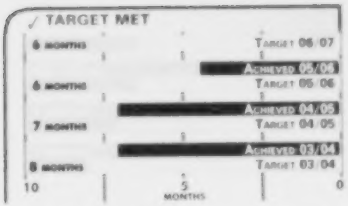
Improves quality of life for clients by maximizing financial resources available for their care

Performance Targets and Other Measures

ii. Percentage of financial reviews of Private Committee high risk client situations initiated within 60 days of receipt.

PGT is responsible for monitoring activities of private committees appointed by the Supreme Court under the *Patients Property Act*. A major component of this monitoring involves reviewing and passing the accounts of private committees which provide information about the financial decisions they have made on behalf of adults who are not capable of managing their own affairs. PGT conducts a risk assessment of all accounts submitted to determine the correct risk rating (high, medium or low).

All high risk client situations are reviewed on a priority basis. In 2005/06, 50 high risk situations were reviewed, of which 48 (or 96%) were reviewed within 60 days.



Improves quality of life for clients by maximizing financial resources available for their care

Performance Targets and Other Measures

iii. Average age of Private Committee accounts that have been submitted for passing and are awaiting PGT decision.

Private committees are responsible for an estimated $835 million in assets belonging to incapable adults. PGT has implemented a more flexible structure for oversight of private committees. Reviewing their accounts in a timely manner is important so that losses related to misuse or misunderstanding can be remedied and future problems prevented. At March 31, 2006, the average age of private committee accounts pending final review by PGT was 4.5 months.

GOAL 4 THE PGT WILL CONTRIBUTE TO PUBLIC AWARENESS, POLICY ISSUES AND LAW REFORM INITIATIVES TO PROMOTE THE INTERESTS OF OUR CLIENTS.

Objective

a. The PGT will make relevant, useful and affordable recommendations to government for law reform affecting clients.

✓ TARGET MET

PGT's unique perspective enriches law reform discussion

Performance Targets and Other Measures

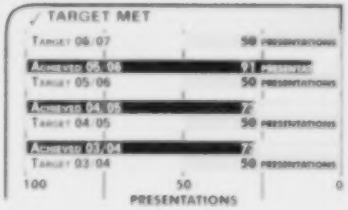
i. Updated proposals regarding adult guardianship law reform issued by October 31, 2005

The advocacy responsibility of the Public Guardian and Trustee includes promoting law reform in areas that will facilitate more effective services to PGT clients. In this measure, the PGT built upon previous work by developing and issuing updated proposals regarding adult guardianship law reform.

Despite much criticism of the *Patients Property Act* over many years, it remains in force as the foundation law for court and statutory guardianship of mentally incapable adults. Reform of this area is a priority for the PGT. As a result, proposals to modernize the law were developed and submitted to the Honourable Attorney General for consideration on October 31, 2005. As the Ministry of Attorney General was also considering a public consultation on this subject in anticipation of possible legislation, the PGT report was held and released jointly with an Attorney General public discussion paper.

Objective

b. The PGT will promote an understanding of its role among clients, stakeholders and the public.



Better public and stakeholder understanding of PGT role promotes appropriate and effective uptake of PGT services

Performance Targets and Other Measures

i. PGT role explained by PGT representatives at stakeholder conferences/events and other public education forums.

PGT representatives made public presentations at 91 meetings, conferences or other events during the 2005/06 fiscal year. There is continuing high public and partner demand for PGT to make presentations and the BC Children and Youth Review recommended that PGT participate with partners in public education activities.

GOAL 4 THE PGT WILL CONTRIBUTE TO PUBLIC AWARENESS, POLICY ISSUES AND LAW REFORM INITIATIVES TO PROMOTE THE INTERESTS OF OUR CLIENTS.

✓ TARGET MET

Improving financial literacy among youth assists them in later life.

Performance Targets and Other Measures

ii. Education program developed and implemented to improve legal and financial outcomes for child and youth guardianship clients preparing for independence. (2005/06 – developed; 2006/07 – implemented)

The PGT is Guardian of Estate for approximately 5,500 children, primarily those in continuing care of the province. Many of these children do not have the family or extended support network to support positive development of financial literacy and basic skills necessary to successfully manage their financial and legal affairs.

This measure is intended to report on development of an educational program intended to improve the legal and financial outcomes for child and youth guardianship clients preparing for independence. PGT worked with external partners in researching and developing a Financial Literacy and Skills Program for children and youth. A publication called "Dollars and Sense", directed at youth approaching maturity, has been produced and is being positively received by MCFD, which will be distributing the publication. Further interest has been expressed by the financial sector and members of the Federation of BC Youth in Care Network.

GOAL 5 THE PGT WILL IMPROVE ITS ABILITY TO DELIVER EFFECTIVE AND EFFICIENT SERVICE TO CLIENTS.

Objective

a. PGT will respond to unmet public need for executor and trustee services.

✓ TARGET MET

Improves the ability of the PGT to provide these services to the general public, if so requested.

Performance Targets and Other Measures

i. Analysis of the provision of estate and personal trust services to individuals not being served by private sector to be completed by December 31, 2005.

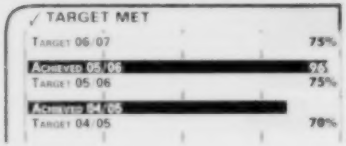
Estate administration and personal trust services is an area in which demand for PGT services is growing as private trust companies are increasingly reluctant to manage estates and trusts where the capital value is less than $500,000. PGT undertook a survey to determine the extent of the unserviced market in British Columbia.

PGT contracted with BC Stats to identify the future anticipated need for estate and personal trust administration services by demographics extrapolated to the year 2025; the awareness of the public of a need for a will and the awareness of the public of the potential complexities involved with estate administration. Future steps may include strategic marketing of fully cost-recovered PGT estate administration and personal trust services.

GOAL 5 THE PGT WILL IMPROVE ITS ABILITY TO DELIVER EFFECTIVE AND EFFICIENT SERVICE TO CLIENTS.

Objective

b. PGT will meet client expectations for quality, equitable and accessible services.

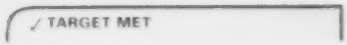


Improves service delivery by highlighting areas requiring improvement

Performance Targets and Other Measures

i. Percentage of heirs and beneficiaries responding to survey who rated deceased estate administration services as good or very good.

The Estate and Personal Trust Services Division conducts a client satisfaction survey with heirs and beneficiaries who receive funds when administration of an estate is completed. In 2005/06, 192 of 201 (or 96%) of beneficiaries who responded to the survey question rating estate administration services rated them as good or very good.



Improves service delivery by setting expectations for heirs/beneficiaries with respect to timelines

Performance Targets and Other Measures

ii. Implement and meet service commitments for administration of deceased estates. (2005/06 – commitments being piloted to establish timelines; 2006/07 – 75%; 2007/08 – 75%)

In 2005/06, PGT has been piloting draft service commitments in its estate administration services. The draft commitments establish specific timelines for certain activities. The pilot is intended to assess whether the commitments can be realistically tracked in the absence of a related information technology system and the unique nature of every administration. The pilot is also intended to assess whether or not the suggested timelines are reasonable for the PGT client base which differs significantly from that of the private sector.

A review of the pilot experience during 2005/06 identified significant challenges that would be associated with implementing the service commitment timelines as drafted. It was determined that an additional year of piloting will be required before finalization of the draft commitments can occur.

GOAL 5 THE PGT WILL IMPROVE ITS ABILITY TO DELIVER EFFECTIVE AND EFFICIENT SERVICE TO CLIENTS.

✓ TARGET MET

Improves well-being of clients and facilitates relations with other partners by ensuring consistency

Performance Targets and Other Measures

iii. An accessibility audit that addresses potential barriers to communications and cultural and physical constraints will be undertaken by March 31, 2006.

In 2005/06, PGT continued the work it has undertaken for the past several years in progressively addressing barriers to communications and accessibility by conducting a review to identify potential barriers to communications and cultural and physical constraints.

The review included an analysis of the PGT physical plant in its Vancouver facilities and a staff survey of related experience, both personal and as identified by clients. The staff survey included questions regarding cultural and other communications considerations. The review identified areas to be addressed and some immediate remedial work was undertaken. A full analysis is being prepared for Executive Committee which will determine further action.

Objective

c. Mission critical information technology systems and processes will support PGT business activities.

✓ TARGET MET

Benefits clients by facilitating efficient management of their assets and personal care requirements

Performance Targets and Other Measures

i. Implement case management system in phases. (Request for proposal prepared by March 31, 2006; Vendor or developer selected by March 31, 2007; Implementation commenced by March 31, 2008)

In 2005/06, PGT completed its case management business process documentation, a formal request for information and a subsequent request for proposal for purchase of a case management system and purchased licenses from a vendor by March 31, 2006.

GOAL 5 THE PGT WILL IMPROVE ITS ABILITY TO DELIVER EFFECTIVE AND EFFICIENT SERVICE TO CLIENTS.

✓ TARGET MET

Benefits clients by facilitating efficient management of their assets and personal care requirements

Performance Targets and Other Measures

ii. Improve trust accounting information management system through phased re-engineering of PGT financial systems. (Project development proposal for design completed by March 31, 2006; User requirements documentation and modelling completed by March 31, 2007; Vendor or developer selected by March 31, 2008)

In 2005/06 PGT prepared a proposal to begin the process of eventually replacing its aging core trust accounting system. However, in 2005/06 the PGT decided to shift its focus to improving its case management capabilities over the next two years and further work on the trust proposal has been deferred.

Objective

d. Client service will be delivered in accordance with established standards and policies.

✓ TARGET MET

Improves well-being of clients and facilitates relations with other partners by ensuring consistency

Performance Targets and Other Measures

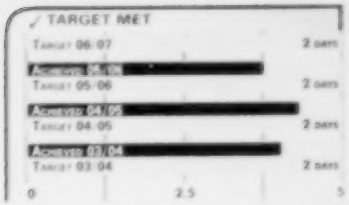
i. Client-related service standards will be identified and reviewed to confirm desired service levels. (Report completed by December 31, 2005)

PGT service standards are derived from a range of sources, including statutes, policy and practice. In most instances, service standards are at minimal levels, reflecting resource implications and particularly constraints of the organization's financial model. In 2005/06, PGT undertook to document existing client service standards to have baseline data as a series of changes are made in response to a number of initiatives.

GOAL 6 THE PGT WILL MAINTAIN A WORK ENVIRONMENT THAT ATTRACTS, DEVELOPS, VALUES AND EMPOWERS STAFF TO DELIVERY QUALITY SERVICE.

Objective

a. The PGT rewards, recognizes and values its employees and fosters an environment of continuous individual and organizational learning.

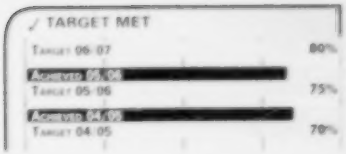


Improves well-being of clients and facilitates relations with other partners by ensuring consistency

Performance Targets and Other Measures

i. Average number of training days per year per FTE.

The number of training days per staff per year is another indicator contributing to quality client service. PGT staff work in a dynamic, complex and high volume environment. It is essential that they be provided with current and relevant training to assist them in delivering comprehensive and appropriate service to clients. In 2005/06, the training target was surpassed with the average training hours per employee being 20.6 hours, or close to 3 days.



Protects client interests by having well-trained professional staff

Performance Targets and Other Measures

ii. Percentage of staff and supervisors who believe that they (and their staff) have the necessary training to do their current work well.

A staff survey distributed in March 2006 was completed by 98 PGT staff members. Of the 91 who answered this question, 81 (or 83%) responded that they believe they have the necessary training to do their current work well.

E. Linking Resources to Performance

1. Linking Resources, Strategies and Results

a) Background

The Public Guardian and Trustee (PGT) is a largely self-funded corporation responsible by law for delivering a broad range of services to clients. In developing its annual budget, PGT provides for meeting its statutory and fiduciary obligations to its clients. PGT establishes strategic goals and determines performance measures and targets within the budget resources and constraints of the given year in the context of a three-year plan.

PGT delivers client services through a combination of integrated, division-specific and cross-divisional activities and those delivered in conjunction with service partners. Operational divisions focus on broad service groups such as children and youth, services to adults and estate and personal trust services.

These operational divisions are supported by integrated services such as investments, legal, facilities, budgeting, information systems, securing of client assets, warehousing and executive support services. In addition, some services, such as quality assurance, risk management and client real property management activities are delivered in a cross-divisional manner.

Costs for PGT integrated services are assigned across the organization using an allocation model developed to reflect approximate usage of key services. Costs of cross-divisional services are assigned both directly through operational divisional budgets and indirectly through costs assigned through the allocation model. To see the Allocation of Revenues and Expenses by Program – Budgeted and Actual (Unaudited) for the Year Ended March 31, 2006, see pages 54 and 55.

Delivery of services and allocation of costs reflect what is mirrored in the following Table 1 describing which PGT goals apply to which area of expenditure. The table provides a context that serves to put PGT areas of expenditure in perspective. The distribution also reflects the increasingly integrated nature of PGT operations.

b) Linkages

Client services fall into one of two areas of expenditure, i.e., estate and trust services or public services. Estate and trust services are those where the benefit to the individual is considered to be greater than the benefit to society. The level of cost recovery reflects this individual benefit. Public services are those where the benefit to society is considered to outweigh the benefit to the individual. Limited cost recovery or lack thereof reflects the public nature of the service.

Table 1 demonstrates that most goals apply broadly to both areas of expenditure and may involve a number of programs and expenditures and a number of programs and divisions. Because of this shared responsibility, it is difficult to fully segment expenditures according to each individual goal or its associated objectives and measures.

c) Challenges

While this challenge applies at the broad goal level, it is not the case with specific measures within each goal as these are more likely to apply to a single area of expenditure than to another. The PGT believes it would be unwise, however, to believe that elaboration is possible with respect to budget specifics of individual measures as the work is too interrelated and spread throughout PGT activities.

For example, a new adult client requires more than preparation of a case plan, i.e., assets must be secured, legal interests must be considered, real property may have to be sold, housing and care may have to be arranged, an investment plan may have to be developed, debts may have to be paid, overdue taxes may have to be made current, and such.

The impact of these complex linkages is that although the areas of expenditure are linked with groups of strategic goals, the relationship between changes in costs and performance and outcomes may not be directly or immediately related. For example, while Private Committee Services has received additional resources for each of the past several years to enable it to meet its target, this will not be reflected in the budget numbers at the strategic goal level. The PGT believes this is an indicator of the need for caution that must be exercised when reviewing linkages between resources, goals and strategies.

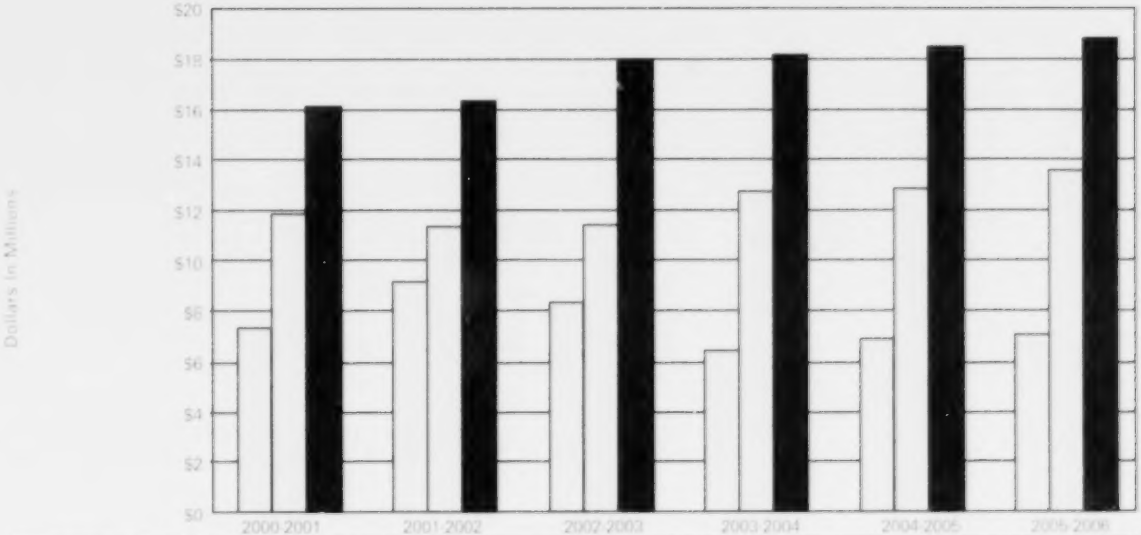
The PGT believes another area in which caution must be exercised is that of efficiency measures with respect to resource costs in a context of minimum client service standards and increasing growth in requirements for due process.

Table 1: Areas of Expenditure and PGT Strategic Goals [unaudited]

Area of Expenditure*	Strategic Goals Most Directly Affected*	Context
ESTATE AND TRUST SERVICES		
Estate and Trust Services are the primary PGT responsibility and accounted for $13,183,589 or 70% of total costs in 2005/06 and produced $12,277,764 or 90% in self-generated revenue. Trust and estate services include the following: Child and Youth Services Services to Adults Estate and Personal Trust Services	Goal #1. Property and financial interests of PGT clients will be well managed. Goal #2. Personal interests of PGT clients will be protected. Goal #4. The PGT will contribute to public awareness, policy issues and law reform initiatives to promote the interests of clients. Goal #5. The PGT will improve its ability to deliver effective and efficient services to clients. Goal #6. The PGT will maintain a work environment that attracts, develops, values and empowers staff to deliver quality service.	• The rate of cost recovery in Estate and Personal Trust Services continued to rise in 2005/06 - EPTS has been moving toward full cost recovery since Core Review in 2001. The rate of cost recovery rose from 66% in 2003/04 to 73% in 2004/05. It was 92% in 2005/06. • The PGT acts as a prudent investor in managing client funds. All client funds are invested in one of three pooled funds according to their needs or in individualized investment portfolios for a small number of clients. These investment activities support goal #1 by managing client property and financial interests. At March 31, 2006, the average cost per client of PGT Investment Management Services was $22.67 ($21.17 at March 31, 2005).
PUBLIC SERVICES		
Public Services accounted for $5,663,236 or 30% of total costs in 2005/06 and produced $1,409,606 or 10% in self-generated revenue. Public services include the following which are identified by expenses and also by self-generated revenues (in brackets): Child and Youth Guardian of Estate: $1,498,985 ($163,795) Infant Settlement Reviews $1,035,851 ($499,669) Notices: $469,789 ($246,909) Services to Adults Assessment and Investigation $709,187 ($4,175) Health Care Decisions $606,762 ($0) Private Committee Services $1,173,571 ($495,058) Adult Guardianship: $169,091 ($0)	Goal #1. Property and financial interests of PGT clients will be well managed. Goal #2. Personal interests of PGT clients will be protected. Goal #3. Statutory protective and monitoring services will be delivered in an appropriate, timely and fair manner. Goal #4. The PGT will contribute to public awareness, policy issues and law reform initiatives to promote the interests of clients. Goal #5. The PGT will improve its ability to deliver effective and efficient services to clients. Goal #6. The PGT will maintain a work environment that attracts, develops, values and empowers staff to deliver quality service.	• Under the *Health Care (Consent) and Care Facility (Admission) Act*, when required, PGT staff make substitute health care treatment decisions or appoint other suitable decision-makers. This health care decision-making activity supports goal #2 by protecting personal interests of PGT clients. In 2005/06, average cost per case was $731. • Improved reporting by the Ministry of Children and Family Development of children coming into continuing care of the province has resulted in the number of children for whom PGT acts as guardian of estate rising dramatically from approximately 2,800 in January 2002 to more than 5,600 at March 31, 2006. Many of these children have potential legal claims for damages for injury and require legal services from PGT. This pressure for legal services is heightened by the impact of a series of Supreme Court of Canada decisions regarding liability for wrongs committed by foster parents and by increased public and government expectations associated with the release of the Hughes Child and Youth Review in April 2006. • The *Estate Administration Act* (section 112) requires that PGT be notified before application can be made to settle an estate involving interests of a child. These section 112 reviews support goal #3 by delivering statutory protective services in a timely manner. In 2005/06, cost per review was $432 of which $300 per notice was recovered as a fee. • Private Committee Services (PCS) is experiencing new challenges associated with higher review standards and the need for increased compliance activities. In 2005/06, PGT redirected $105,000 of in-year budget resources to PCS to allow it to provide services and meet an at-risk SDP target.

*All PGT expenditures are allocated into one of two categories, viz. Estate and Trust Services or Public Services.
*Individual measures within a goal may relate more specifically to one area of expenditure or another.

Table 2: PGT Voted Funding, Revenues and Expenses, 2000/2001 - 2005/2006



	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Voted Funding	$7,368	$9,218	$8,434	$6,497	$6,950	$7,112
Self-Generated Revenue	$11,895	$11,383	$11,536	$12,762	$12,893	$12,687
Expenses	$16,176	$16,364	$17,931	$18,244	$18,525	$18,947

2. Revenue and Program Costs 2005/2006

a) Introduction

The Public Guardian and Trustee (PGT) cost allocation model was developed to show revenues and costs in a meaningful way by linking resources to the costs of service provision.

The model continues to evolve in response to the changing environment in which the PGT operates and as technological improvements allow more sophistication in aligning resources and costs.

b) Revenue Sources and Variances

i) Revenue Sources

Revenue is comprised of commissions, fees and recoveries charged to PGT estate and trust clients for services rendered, monitoring fees charged to other clients and funding received from the Province of British Columbia.

Commissions and fees are charged in accordance with the Public Guardian and Trustee Fees Regulation.

ii) Revenue Variances [unaudited]
For the year ended March 31, 2006
($ in thousands)
Brackets in variance column indicate actual revenues in excess of budget.

	Budget	Actual	Variance	Note
Revenues				
Self-generated funding				
Commissions	$7,867	$9,295	$(1,428)	1
Asset management fees	2,121	2,393	(272)	2
Estate liaison administration fees	360	354	6	
Estate and personal trust services heir tracing fees	150	148	2	
Fees including private committee, infant settlement, and applications to court	1,350	1,300	50	
Cost recoveries	262	197	65	
Voted funding				
Funding from the Province of British Columbia	7,642	7,112	530	3
Total Revenues	**$19,752**	**$20,799**	**$(1,047)**	

iii) Explanatory Notes on Revenue Variances

1. Budgets are developed well in advance of the fiscal years to which they apply. At the time the 2005/06 budget was being prepared, declining revenues were projected due to PGT client intake and economic trends. These indicated that PGT commissions would fall from their previous levels. Subsequently, the impact of a positive investment climate coupled with a healthy real estate market resulted in significant gains over budget.

   An expected decline in the client asset base did not arise. It should be noted that many of the following revenue impacts are one time only and cannot be considered a continuing source of funds for PGT.

The enhanced investment climate meant that the PGT balanced funds showed increased returns for 2005/06 in comparison with 2004/05. The Balanced Income Fund return almost doubled and the Balanced Growth Fund more than doubled. This resulted in almost $0.5M in commissions for the PGT. The Premium Money Market Fund return had been projected at 3.5% but averaged 3.8% for fiscal 2005/06.

The number of properties sold also increased by approximately 25% in fiscal 2005/06 over the previous fiscal year. Sale values rose by almost 80% over the prior year with many properties selling in excess of market. Capital commissions on property sales contributed approximately $1.1M to PGT revenues.

A handful of large accounts in the three divisions of the PGT generated higher than normal commissions from investment holdings and other properties.

2. It was anticipated that there would be declines to the asset base in both Services to Adults and in Estate and Personal Trust Services. In Services to Adults this assumption was based on a reduced intake of files and in Estate and Personal Trust Services this was due to the assumption that estates cleared through backlog reduction would not be replaced by new estate files. Neither of these assumptions held true and the associated decline in asset management fees did not occur.

   In addition, the booming real estate market positively affected the value of real properties held by clients. Asset management fees are calculated on the market value of assets, as the asset value increases, the fee increases.

3. Due to the revenue surplus received by the PGT in fiscal 2005/06, the office was able to reduce its voted requirement from the Ministry of Attorney General on a one-time basis.

c) Expenses and Variances

i) Expense Variances [unaudited]
For the year ended March 31, 2006

($ in thousands)

Brackets indicate unfavourable variance (expenses in excess of budget)

	Budget	Actual	Variance	Note
Expenses				
Salaries and benefits	$13,800	$13,524	$276	1
Professional contracts	1,688	1,930	(242)	2
Building occupancy	1,500	1,469	31	
Computer related	567	605	(38)	
Other	1,404	1,355	49	
Expenses (recoveries)	(158)	(36)	(122)	3
Total Expenses	**$18,801**	**$18,847**	**$(46)**	

ii) Explanatory Notes on Expense Variances

1. The PGT budgets salaries and benefits based on the assumption of 100% staffing. In the past three years, salary savings arising from vacancies have averaged approximately 2.7%. The rate of 2.0% for fiscal 2005/06 is within this range.

2. The variance in professional contracts resulted from an increase in audit fees of $76k of which only $21k is expected to be ongoing; and property management services costs of $57k. The increased property management service costs relate to property inspections which are recovered from client funds and reflected as expense recoveries. The remaining variance resulted from special projects approved within the year to enhance Service Delivery Plan targets.

3. Additional expenses for interest adjustment and reimbursements to certain client accounts resulted in overspending in the general expenses category.

d) Allocation of Revenues and Expenses by Program – Budget (unaudited)

For the Year Ended March 31, 2006

	Estate and Trust Services				Public Services			Budget
	Services to Adults	Estate and Personal Trust Services	Child and Youth Services	Subtotal	Services to Adults	Child and Youth Services	Subtotal	Totals
Revenues								
Self-generated funding								
[illegible]	$4,620,527	($1,447,736)	($1,704,446)	$7,325,913	$-	$(40,000)	$(40,000)	$7,967,913
[illegible]	1,025,124	246,129	715,209	2,014,758		40,000	40,000	2,125,758
[illegible]	300,000			300,000				300,000
[illegible]		150,000		150,000				150,000
[illegible]					500,000		500,000	500,000
[illegible]						660,000	660,000	660,000
[illegible]	40,000			40,000		240,000	240,000	280,000
[illegible]	128,890	123,140	10,840	262,870				262,870
	6,194,541	2,069,007	2,471,223	10,734,771	500,000	875,000	1,375,000	12,109,771
Funding from other sources								
[illegible]								2,642,000
Total Revenues	6,194,541	2,069,007	2,471,223	10,734,771	500,000	875,000	1,375,000	14,751,771
Expenses								
[illegible]	5,261,201	2,146,143	1,083,125	8,490,469	2,036,036	1,763,554	3,800,152	12,290,621
[illegible]	112,340	120,143	151,436	383,919	494,211	113,000	707,211	1,091,130
[illegible]	180,500	271,643	158,789	1,097,601	221,196	192,207	402,403	1,500,004
[illegible]	299,430	58,253	180,362	482,445	11,011	11,256	61,256	566,714
[illegible]	1,880,722	611,082	272,611	1,035,215	150,346	128,496	229,442	1,810,617
[illegible]	(139,249)	(1,944)	(21,550)	(196,362)	(14,000)	(47,541)	(61,630)	(169,992)
Total Expenses	6,411,964	3,267,743	1,749,510	13,429,217	2,919,860	2,451,694	5,371,554	18,800,771
	$(2,217,423)	$(1,198,736)	$721,713	$(2,694,446)	$(2,419,860)	$(1,576,694)	$(3,996,554)	
Excess of Revenues over Expenses								$951,000

e) Allocation of Revenues and Expenses by Program - Actual (unaudited)

For the Year Ended March 31, 2006

	Estate and Trust Services				Public Services			Actual
	Services to Adults	Estate and Personal Trust Services	Child and Youth Services	Subtotal	Services to Adults	Child and Youth Services	Subtotal	Totals
Revenues								
Self-generated funding								
[illegible]	$8,527,621	$2,006,456	$1,640,630	$12,174,907	$ -	$120,257	$120,257	$12,295,164
[illegible]	1,174,619	497,182	672,221	2,344,022	-	43,639	43,639	2,387,661
[illegible]	253,773	-	-	253,773	-	-	-	253,773
[illegible]	-	142,744	-	142,744	-	-	-	142,744
[illegible]	-	-	-	-	499,233	-	499,233	499,233
[illegible]	-	-	-	-	-	404,634	404,634	404,634
[illegible]	63,100	2,150	-	65,250	-	251,943	251,943	317,193
[illegible]	116,891	79,786	1,191	196,677	-	-	-	196,677
	10,226,204	2,732,318	2,319,242	12,277,764	499,233	910,373	1,409,606	13,687,370
Funding from other sources								
[illegible]	-	-	-	-	-	-	-	7,112,000
Total Revenues	10,226,204	2,732,318	2,319,242	12,277,764	499,233	910,373	1,409,606	20,799,370
Expenses								
[illegible]	8,260,682	2,277,814	933,667	11,472,163	2,844,110	2,680,551	4,682,228	13,524,413
[illegible]	529,453	156,503	80,264	1,080,047	86,550	493,295	343,215	1,029,912
[illegible]	783,729	220,809	160,491	1,164,088	176,880	108,023	284,111	1,469,290
[illegible]	285,421	69,509	220,630	611,649	7,000	25,861	32,900	954,439
[illegible]	670,026	170,602	148,461	989,499	109,699	208,613	318,630	1,203,124
[illegible]	(103,748)	77,861	(2,629)	(28,416)	(83,730)	(31,653)	(2,056)	(16,472)
Total Expenses	8,715,879	2,968,937	1,498,773	13,183,589	2,658,611	3,004,625	5,663,236	18,846,825
	$(1,489,675)	$(236,619)	$820,469	$(905,825)	$(2,159,378)	$(2,094,252)	$(4,253,630)	
Excess of Revenues over Expenses								$1,952,545

2005/2006

AUDITED FINANCIAL STATEMENTS
OPERATING ACCOUNT
ESTATES AND TRUSTS ADMINISTERED

OPERATING ACCOUNT

700 - 808 West Hastings Street Vancouver, BC Canada V6C 3L3 • Phone: (604) 660-4444 • Fax: (604) 660-0374
www.trustee.bc.ca

FINANCIAL STATEMENTS

March 31, 2006

Management's Statement of Responsibilities for the Financial Statements of the Public Guardian and Trustee of British Columbia

The accompanying financial statements of the Public Guardian and Trustee Operating Account are the responsibility of management. These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. When alternative accounting policies exist, management has chosen those it deems most appropriate in the circumstances.

Systems of internal accounting and administrative controls are maintained to provide reasonable assurance that the financial statements are reliable and accurate and that transactions are properly authorized, recorded and executed in accordance with prescribed regulations, and that the corporation's and clients' assets are appropriately accounted for and adequately safeguarded.

The Auditor General of British Columbia provides an independent opinion on the financial statements prepared by the Public Guardian and Trustee of British Columbia. The duties of the Auditor General in that respect are contained in Section 26 of the *Public Guardian and Trustee Act*.

Jay Chalke
Public Guardian and Trustee

September 12, 2006

Report of the Office of the Auditor General of British Columbia

To the Public Guardian and Trustee of British Columbia,

To the Attorney General, Province of British Columbia, and

To the Members of the Legislative Assembly of British Columbia:

We have audited the balance sheet of the Public Guardian and Trustee of British Columbia Operating Account as at March 31, 2006, and the statements of operations and of cash flows for the year then ended. These financial statements are the responsibility of the Public Guardian and Trustee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Public Guardian and Trustee of British Columbia Operating Account as at March 31, 2006, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
September 12, 2006

Errol Price, CA
Deputy Auditor General

Public Guardian and Trustee of British Columbia
Operating Account
Balance Sheet
As at March 31, 2006
($ in thousands)

	2006	2005
Assets		
Due from the Province of British Columbia (note 3)	$15,085	$14,148
Accounts receivable (note 6 (d))	494	470
Current assets	15,579	14,618
Capital assets (notes 2 (b) and 4)	1,896	1,653
	$17,475	$16,271
Liabilities		
Accounts payable and accrued liabilities	$1,377	$2,104
Accrued employee leave liability (note 2 (e))	520	542
	1,897	2,646
Operating Account Balance	15,578	13,625
	$17,475	$16,271

The accompanying notes are an integral part of these financial statements.

Jay Chalke
Public Guardian and Trustee

September 12, 2006

Public Guardian and Trustee of British Columbia
Operating Account
Statement of Operations
For the Year Ended March 31, 2006
($ in thousands)

	2006	2005
Revenues		
Operating revenues (note 2 (c))	$13,687	$12,893
Funding from the Province of British Columbia (note 6 (a))	7,112	6,950
	20,799	19,843
Expenses		
Salaries and benefits	13,524	13,194
Building occupancy (note 6 (b))	1,469	1,527
Other operating and administrative costs	923	1,461
Computer systems and support	567	596
Client expenditures (note 2 (d))	713	491
Professional services	542	428
Legal services	545	297
Amortization	550	531
Contributions to communities (note 5)	13	–
	18,846	18,525
Excess of Revenues Over Expenses	1,953	1,318
Operating Account Balance, Beginning of Year	13,625	12,307
Operating Account Balance, End of Year	$15,578	$13,625

The accompanying notes are an integral part of these financial statements.

Public Guardian and Trustee of British Columbia
Operating Account
Statement of Cash Flows
For the Year Ended March 31, 2006
($ in thousands)

	2006	2005
Cash Flows from Operating Activities		
Cash Generated From		
Operating revenues	$13,664	$13,229
Funding from the Province of British Columbia	7,112	6,950
	20,776	20,179
Cash Used For		
Salaries and benefits	(13,900)	(13,113)
Operating expenses	(5,146)	(4,561)
	(19,046)	(17,674)
	1,730	2,505
Cash Used For Investing Activities		
Purchase of capital assets	(793)	(918)
Increase in Cash	937	1,587
Cash, Beginning of Year	14,148	12,561
Cash, End of Year	$15,085	$14,148
Represented By		
Due from the Province of British Columbia (note 3)	$15,085	$14,148

The accompanying notes are an integral part of these financial statements.

Public Guardian and Trustee of British Columbia
Operating Account
Notes to Financial Statements
For the Year Ended March 31, 2006
($ in thousands)

1. Reporting Entity

The Public Guardian and Trustee Operating Account ("Operating Account") operates under the authority of the *Public Guardian and Trustee Act*. The Operating Account is not liable for taxation, except insofar as the government is liable. The Operating Account was established as a Special Account in the general fund of the consolidated revenue fund of the Province of British Columbia.

Spending from revenue in excess of the budget approved by the Province of British Columbia or from the Operating Account Balance requires Treasury Board approval.

The Operating Account reports the revenues earned from the services provided to clients of the Public Guardian and Trustee and the operating and capital expenditures relating to the provision of these services. Clients are adults who are not capable of managing their own affairs, deceased persons' estates which have no other person willing and able to act for them, estates of missing persons, and children in receipt of settlement funds, insurance policy proceeds or money from estates.

Separate financial statements have been prepared as of March 31, 2006 for client trust accounts which include $633,571 of net assets held in trust.

2. Significant Accounting Policies

(a) Basis of Accounting

Management has prepared these financial statements in accordance with Canadian generally accepted accounting principles.

(b) Capital Assets

Capital assets are recorded at cost less accumulated amortization and amortized on a straight-line basis over their estimated useful lives. Personal computer hardware and software are amortized over three years. All remaining assets are amortized over five years. No salvage value is assumed.

(c) Revenue Recognition

Commissions and fees are paid by trust clients in accordance with the *Public Guardian and Trustee Fees Regulation* as provided for under the *Public Guardian and Trustee Act*. Commissions and fees are recognized in the period during which the service is provided or at the point in time directed by regulation, court order, co-trustees or beneficiaries.

(d) Client Expenditures

Client expenditures represent amounts paid for clients' property management, advances to clients and other miscellaneous expenditures made on behalf of clients where the clients do not have the funds to pay or where an administrative decision has been made to pay an amount on behalf of clients. Legal expenditures paid on behalf of clients are reported under legal services.

(e) Accrued Employee Leave Liability

Accrued employee leave liability represents vacation and other leave entitlements due to employees under existing employment agreements. The change in the accrued liability is funded by or refunded to the BC Public Service Agency and is reflected in the financial statements as an increase or decrease in salaries and benefits.

(f) Employee Benefit Plans

The Public Guardian and Trustee has a defined benefit plan and a defined retirement plan for substantially all of its employees. In addition, the Public Guardian and Trustee has defined health care plans for substantially all employees and retirees.

The Public Guardian and Trustee and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The plan is a joint trustee plan with a board of trustees, representing plan members and employers, sharing responsibility for overseeing management of the plan. The pension plan is a multi-employer contributory defined benefit pension plan.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation, as of March 31, 2005, indicated that the plan was in a deficit position. As a result, the actuary has determined than an increase in contribution rates of 1.88% each, for plan members and employers, is necessary effective April 1, 2006 in order for the plan to maintain its financial health.

Employees are also entitled to specific health care and termination benefits as provided for under collective agreements and terms of employment.

Defined contribution plan accounting is applied to these benefit plans as the Public Guardian and Trustee has insufficient information to apply defined benefit plan accounting. As such, the cost of employee future benefits for these plans is recognized as an expense in the year contributions are paid.

(g) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions in determining reported amounts. Actual results could differ from these estimates.

3. Due from the Province of British Columbia

The Public Guardian and Trustee does not maintain a separate bank account and uses the Province of British Columbia's financial and banking systems to process and record its transactions. The amount due from the Province of British Columbia represents the accumulated net financial transactions of the Operating Account.

4. Capital Assets

	2006			2005
	Cost	Less: Accumulated amortization	Net book value	Net book value
Furniture and equipment	$585	$533	$52	$48
Personal computer software	631	538	93	96
Computer hardware – less than $10,000	1,441	1,294	147	182
Server computer software	2,086	879	1,207	818
Computer hardware – more than $10,000	395	251	144	195
Tenant improvements	906	817	89	111
Capital assets in use	6,044	4,312	1,732	1,450
Server computer software under development	164	–	164	203
Total capital assets	$6,208	$4,312	$1,896	$1,653

The Public Guardian and Trustee is currently upgrading and enhancing its client case management system. Amortization will be taken when individual components of the project are completed and in use.

5. Contributions to Communities

In prior years, contributions were made to communities for projects that address abuse and neglect related to adult guardianship. In 2006, contributions were made to aid in activities to address and prevent abuse and neglect of vulnerable seniors under Part 3 of the *Adult Guardianship Act*. The purpose of these contributions was to raise awareness and to provide additional support in addressing and preventing abuse of vulnerable seniors.

6. Related Party Transactions

The Public Guardian and Trustee is a corporation sole. All transactions with the Province of British Columbia ministries, agencies and Crown corporations occurred in the normal course of operations and are valued at exchange amount, which is representative of fair value unless otherwise disclosed in these notes.

(a) A transfer from a sub-vote of the Ministry of Attorney General has been provided for adult guardianship legislation and other expenditures of the Public Guardian and Trustee.

(b) The Public Guardian and Trustee's Vancouver office, Interior/North regional office, warehouse facility, and Vancouver Island regional office are provided through Accommodation and Real Estate Services, a division of the Ministry of Labour and Citizens' Services. Total building occupancy payments for 2006 were $1,469 (2005: $1,527). These building occupancy arrangements expire in 2006, 2007, 2008 and 2011 respectively and have a six-month termination notice without penalty.

(c) Certain financial and administrative services are provided centrally by various ministries and agencies of the government of British Columbia. The costs of these services are not charged to the Operating Account and are therefore not included in these financial statements.

(d) Accounts receivable includes, in part, amounts due from Estates and Trusts Administered by the Public Guardian and Trustee of $476 (2005: $418).

7. Contingent Liabilities

From time to time, the Public Guardian and Trustee is a defendant in legal actions in carrying out his duties. Under Section 21 of the *Public Guardian and Trustee Act*, monies required to discharge any liability or claim against the Public Guardian and Trustee must be paid out of the consolidated revenue fund of the Province of British Columbia.

8. Comparability of Reported Amounts

(a) The Public Accounts are the financial statements of the Province of British Columbia and are prepared in accordance with Canadian generally accepted accounting principles. The financial statements of the Operating Account are similarly prepared in accordance with Canadian generally accepted accounting principles. However, accruals and adjustments not material to the Public Accounts but material to the Public Guardian and Trustee have been included in these statements.

(b) The financial statements for both the Estates and Trusts Administered by the Public Guardian and Trustee and the Operating Account are prepared in accordance with Canadian generally accepted accounting principles. Separate accounting systems and processes are utilized by each of these reporting entities. Although each reporting entity has similar reporting standards, amounts paid or payable between the entities vary due to timing and collectibility differences.

ESTATES AND TRUSTS ADMINISTERED

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FINANCIAL STATEMENTS

March 31, 2006

Management's Statement of Responsibilities for the Financial Statements of the Public Guardian and Trustee of British Columbia

The accompanying financial statements of the Estates and Trusts Administered by the Public Guardian and Trustee are the responsibility of management. These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. When alternative accounting policies exist, management has chosen those it deems most appropriate in the circumstances.

Systems of internal accounting and administrative controls are maintained to provide reasonable assurance that the financial statements are reliable and accurate and that clients' assets are appropriately accounted for and adequately safeguarded.

The Auditor General of British Columbia provides an independent opinion on the financial statements prepared by the Public Guardian and Trustee of British Columbia. The duties of the Auditor General in that respect are contained in Section 26 of the *Public Guardian and Trustee Act*.

Jay Chalke
Public Guardian and Trustee

September 12, 2006

Report of the Office of the Auditor General of British Columbia

To the Public Guardian and Trustee of British Columbia,

To the Attorney General, Province of British Columbia, and

To the Members of the Legislative Assembly of British Columbia:

We have audited the balance sheet for estates and trusts administered by the Public Guardian and Trustee of British Columbia as at March 31, 2006, and the statement of changes to assets for the year then ended. These financial statements are the responsibility of the Public Guardian and Trustee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position for estates and trusts administered by the Public Guardian and Trustee of British Columbia as at March 31, 2006, and the changes to assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
September 12, 2006

Errol Price, CA
Deputy Auditor General

Public Guardian and Trustee of British Columbia
Estates and Trusts Administered
Balance Sheet
As at March 31, 2006
($ in thousands)

	2006	2005
Assets		
Premium money market fund (note 3)	$379,978	$357,287
Balanced income fund (note 4)	22,034	22,897
Balanced growth fund (note 5)	53,282	46,416
Other investments and securities (note 6)	82,359	77,340
Other financial assets (note 7)	5,952	6,394
Real property (note 8)	99,504	84,662
Other assets (note 2 (b))	1	1
	$643,110	$594,997
Liabilities		
Accounts payable	$3,498	$3,750
Mortgages and loans payable (note 2 (c))	5,544	5,058
Payable to the Public Guardian and Trustee Operating Account (note 13)	497	335
	9,539	9,143
Net Assets Held in Trust	633,571	585,854
	$643,110	$594,997

The accompanying notes are an integral part of these financial statements.

Jay Chalke
Public Guardian and Trustee
September 12, 2006

Public Guardian and Trustee of British Columbia
Estates and Trusts Administered
Statement of Changes to Assets
For the Year Ended March 31, 2006
($ in thousands)

	2006							2005
	Premium money market fund	Balanced income fund	Balanced growth fund	Other investments and securities	Other financial assets	Real property	Totals	Totals
Opening Balances, at Fair Value	$317,297	$22,867	$46,210	$77,340	$6,394	$84,662	$594,996	$592,867
Sources of Assets								
Pensions, benefits and settlements	72,948						72,948	68,303
Assets acquired upon appointment				57,772	29,736	43,731	95,259	69,504
Investment income	13,931	1,328	2,101	4,149			71,409	19,157
	86,779	1,328	2,101	26,921	29,736	43,731	180,616	156,964
Disposition of Assets								
Cash distributions to clients and beneficiaries	(67,556)						(67,556)	(71,368)
Assets released to clients, beneficiaries and heirs				(3,554)	(2,234)	(10,772)	(16,040)	(26,803)
Payments for client care and maintenance (note 9)	(50,665)						(50,665)	(50,072)
Commissions and fees paid to the Public Guardian and Trustee Operating Account (note 10)	(13,371)	(799)	(189)				(15,909)	(12,273)
Professional services (note 11)	(6,666)	(42)	(87)	(744)			(7,639)	(6,038)
Assets purchased for clients	(1,996)						(1,996)	(1,501)
Taxes paid on behalf of clients	(3,970)			(2)			(3,972)	(2,798)
Unclaimed assets transferred to the British Columbia Unclaimed Property Society (note 12)	(2,869)						(2,869)	(2,576)
	(135,104)	(1,001)	(646)	(3,900)	(2,234)	(10,772)	(152,357)	(167,409)
Transfers and Reinvestment of Assets								
Transfers between investment funds	2,320	(2,997)	737	(60)				
Proceeds from sale of assets	70,211						70,211	50,633
Recorded value of assets sold				(20,918)	(23,984)	(27,970)	(71,872)	(45,423)
	72,531	(2,997)	737	(20,998)	(23,984)	(27,970)	(1,661)	5,210
Adjustments to Fair Value (note 2 (f))	(1,515)	1,107	4,654	2,996		8,451	15,693	2,237
Closing Balances, at Fair Value	$370,078	$22,034	$53,282	$62,339	$5,952	$99,594	643,199	594,004
Add: Other Assets							1	1
Total Assets Held in Trust							$643,210	$594,005

The accompanying notes are an integral part of these financial statements.

Public Guardian and Trustee of British Columbia
Estates and Trusts Administered
Notes to Financial Statements
For the Year Ended March 31, 2006
($ in thousands)

1. Reporting Entity

   The Public Guardian and Trustee operates under the *Public Guardian and Trustee Act* and other provincial statutes to uphold the legal rights and safeguard the financial interests of adults who are not capable of managing their own affairs, deceased persons' estates which have no other person willing and able to act for them, estates of missing persons and children in receipt of settlement funds, insurance policy proceeds or money from estates.

   These statements reflect the financial position and activity for the estates and trusts administered by the Public Guardian and Trustee. Separate financial statements have been prepared for the Public Guardian and Trustee Operating Account which report the revenues, expenses and capital expenditures of the Public Guardian and Trustee.

2. Significant Accounting Policies

   (a) Basis of Accounting

   Management has prepared these financial statements in accordance with Canadian generally accepted accounting principles.

   (b) Asset Valuations

   Assets, excluding other financial assets and other assets, are valued at fair value at year end.

   Fair value is defined as "the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act".

   The fair value for premium money market fund, balanced income fund, balanced growth fund and other investments and securities is determined from information obtained from investment service providers.

   The fair value for real property is based on professional appraisals. Where this value is not available, it may be determined from the most recent British Columbia Assessment Authority property assessment.

   The value for other financial assets is determined using the fair value at the date of appointment adjusted for subsequent transactions because there is no practical and cost effective way to update to fair value at year end.

   Other assets are valued at a nominal value of $1 because the fair value for these assets is not readily determinable. Other assets include jewelry, collectibles, vehicles and effects.

(c) Mortgages and Loans Payable Valuations

Mortgages and Loans Payable are valued at book value due to an immaterial difference between book value and fair value.

(d) Financial Instruments

The fair values of financial instruments other than investments, which include cash, accounts payable and amounts payable to the Public Guardian and Trustee approximate their carrying values due to their short-term nature.

Investments are exposed to credit risk and price risk. Price risk is comprised of currency risk, interest rate risk, and market risk.

Credit Risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to the terms of a contract. The investment policy established by the Public Guardian and Trustee limits credit risk by limiting the maximum exposure to one single issuer and by investing only in securities from companies with a minimum rating of at least BBB as defined by Moody's, Standard & Poors or Dominion Bond Rating Service.

Currency Risk

Currency risk relates to the possibility that the investments issued by companies will change in value due to future fluctuations in foreign exchange rates. The total amount of investments exposed to currency risk is relatively insignificant amounting to $21.4 million (investment in U.S. equity funds and international equity funds).

Interest Rate Risk

Interest rate risk relates to the possibility that fixed income investments will change in value due to future fluctuations in market interest rates.

Market Risk

Market risk relates to the possibility that the equity investments will change in value due to future fluctuations in market prices.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual value ultimately realized may differ from these estimates.

(f) Adjustments to Fair Value

The adjustments to fair value represent unrealized gains and losses on client assets at year end.

(g) Management of Funds and Investments

As a fiduciary, the Public Guardian and Trustee is responsible for managing the assets owned by each estate and trust under his authority. The Public Guardian and Trustee must exercise the care, skill, diligence and judgement of a prudent investor for his clients.

Under Section 12 of the *Public Guardian and Trustee Act*, the Public Guardian and Trustee is permitted to create common funds within the trust fund account. The Public Guardian and Trustee has established three common funds called the premium money market fund, the balanced income fund and the balanced growth fund. The premium money market fund holds short and medium term fixed income investments and is used for day to day receipts and disbursements of all clients. The balanced income fund and the balanced growth fund hold investments which are appropriate for clients with longer term investment horizons.

Under Section 13 (1) of the *Public Guardian and Trustee Act*, the Public Guardian and Trustee is permitted to make separate investments for clients if the money is subject to an express trust or direction for investment or it is, for any other reason, in the best interests of the client to do so. Other investments and securities include separate investment portfolios and registered plans which are established or maintained for clients according to their investment profile.

The three common funds are managed by BC Investment Management Corporation, an independently managed Crown corporation. Other investments are managed by private investment management firms.

3. Premium Money Market Fund

	2006	2005
Cash and short term investments	$248,702	$232,616
Bond investments		
- less than one year	13,398	14,012
- one to three years	55,815	14,029
- over 3 years	62,063	96,630
	$379,978	$357,287

Earnings on the premium money market fund are paid as interest each month to client trust fund accounts based on their closing daily balances. The annual effective yield for the year ended March 31, 2006 was 3.8% (2005: 3.5%).

4. Balanced Income Fund

	2006	2005
Cash, short term investments, receivables and payables	$(809)	$(215)
Canadian bonds	1,824	1,723
Pooled funds	21,019	21,389
	$22,034	$22,897

The balanced income fund is a unitized pool of investments; units in this fund are valued monthly. The rate of return for the year ended March 31, 2006 was 11.5% (2005: 6.6%).

5. Balanced Growth Fund

	2006	2005
Cash, short term investments, receivables and payables	$(746)	$(880)
Pooled funds	54,028	47,296
	$53,282	$46,416

The balanced growth fund is a unitized pool of investments; units in this fund are valued monthly. The rate of return for the year ended March 31, 2006 was 14.6% (2005: 6.8%).

6. Other Investments and Securities

	2006	2005
Investment portfolios	$53,988	$49,295
Registered plans	10,688	10,662
Other investments and securities	17,683	17,383
	$82,359	$77,340

Due to these numerous and individual client investments, it is impractical to reflect the aggregate rate of return on these investments.

7. Other Financial Assets

Other financial assets include funds in numerous and varied external accounts and amounts receivable.

8. Real Property

Real property includes land, buildings and manufactured homes. Approximately 7% of properties are located outside of British Columbia and in foreign countries.

9. Payments for Client Care and Maintenance

Client care and maintenance costs represent goods and services purchased for clients and for personal living expenses, including payments to care facilities.

10. Commissions and Fees Paid to the Public Guardian and Trustee Operating Account

Commissions and fees are paid by clients for services provided by the Public Guardian and Trustee in accordance with the *Public Guardian and Trustee Fees Regulation* as provided for under the *Public Guardian and Trustee Act*.

11. Professional Services

Professional services are payments by clients for services such as accounting, legal, investment management, custodial, funeral and property management.

12. Unclaimed Assets Transferred to the British Columbia Unclaimed Property Society

Unclaimed assets are transferred quarterly to the British Columbia Unclaimed Property Society when they are deemed inactive by the Public Guardian and Trustee under Section 27.1 of the *Public Guardian and Trustee Act*.

13. Comparability with the Public Guardian and Trustee Operating Account

The financial statements for both the Estates and Trusts Administered by the Public Guardian and Trustee and the Public Guardian and Trustee Operating Account are prepared in accordance with Canadian generally accepted accounting principles. Separate accounting systems and processes are utilized by each of these reporting entities. Although each reporting entity has similar reporting standards, amounts paid or payable between the entities vary due to timing and collectibility differences.

Investment Advisory Committe

PGT manages each client's funds as a prudent investor would, considering their individual investment goals and objectives.

The Investment Advisory Committee (IAC) assists the Public Guardian and Trustee and PGT staff with this responsibility by providing strategic advice on monitoring and measuring PGT's investment performance, internal investment administration processes and the selection processes for engaging external investment managers and other investment service providers.

The IAC members who have provided their expertise for the past 6 years are Robert S. Hagar, retired founding partner of Phillips, Hager & North Ltd., Stanley W. Hamilton, Professor Emeritus of the Sauder School of Business at the University of British Columbia, and George Morfitt, former Auditor General of British Columbia. The IAC works with PGT staff including Fred Cuzner, Director, Client Finance and Administrative Services, and Ann Harkness, Manager, Investment Services.

In spring 2006, Mr. Morfitt retired as a member of the IAC and PGT wishes to thank him for the outstanding advice and support he has provided to PGT during his tenure.

Public Guardian and Trustee of British Columbia

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PUBLIC GUARDIAN
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